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'Nightmare' Over, Yeltsin Affirms Date For Elections

He Asks Local Councils To Dissolve Themselves And Lifts Censorship

By Celestine Bohlen New York Times Service MOSCOW — In his first address to the nation since army tanks crushed an uprising against him, President Boris N. Yeltsin called Wednesday for Russians to put the "nightmare of these black days" behind them and reaffirmed that elections to a new legislature would be held on Dec. 12.

Mr. Yeltsin also called for a purging of Russia's regional councils, many of which had sided with the parliament's defiant leaders during the political crisis that led up to the violence this week. He said local soviets, or councils, should peacefully dissolve themselves and prepare for local elections, possibly in December.

Moving swiftly, the government lifted a regime of press censorship, imposed as part of the state of emergency, that had caused a storm of protest from Russian journalists and had raised alarms in the West that Mr. Yeltsin was going too far in clamping down against his opposition.

In a grim and emotional speech, the president said the violence in Moscow on Sunday Washington cautions Mr. Yeltsin over his crackdown on the media. Page 2.

Russia orders a giant tarp to cover the charred parliament building. Page 2.

had been an "armed mutiny," staged by leaders inside the parliament building in order to bring about "a bloodthirsty Communist-Fascist regime." As Mr. Yeltsin spoke on television, the city was gradually recovering from the shock and horror of the last few days. The fires in the White House, as the parliament building is called, had gone out, and although a state of emergency in Moscow was extended for another week, there were no further reports of random gunfire.

A day of national mourning for the victims of both the Sunday uprising and the Monday bombardment at 118, has been declared for Thursday, when flags at government buildings will be flown at half-staff. In a somber appeal for national unity, Mr. Yeltsin called the loss of life "our common tragedy."

"Do not say that someone has won and someone lost," he said. "There are inappropriate, blasphemous words. We have all been scorched by the deadly breath of fratricide."

But at the same time, Mr. Yeltsin showed new determination to make a clean sweep through the soviets, a political structure that in many regions has become a haven for former Communist officials still fighting to hold on to their old powers. "I think that the soviets that took an intransigent stand should, instead of adapting to the new situation, take the dignified and courageous decision of self-dissolution and how away peacefully, decently, without up-

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Yasser Arafat, President Hosni Mubarak of Egypt and Prime Minister Yitzhak Rabin of Israel during their meeting on Wednesday.

Arafat and Rabin Keep the Ball Rolling

By Caryle Murphy Washington Post Service CAIRO — Reaffirming their commitment to the landmark peace accord they signed three weeks ago, Prime Minister Yitzhak Rabin of Israel and Yasser Arafat, the Palestine Liberation Organization chairman, agreed here Wednesday that working committees to negotiate how the pact will be put into effect would start meeting in Egypt next week.

It was the first encounter for the two leaders since they witnessed the signing of a "declaration of principles" in Washington on Sept. 13. The accord initially calls for the transfer of limited powers to Palestinian authorities in the Gaza Strip and West Bank town of Jericho, and

the withdrawal of Israeli troops from these areas, within months. Unlike their highly symbolic meeting at the White House, when the two political rivals ended decades of bitter fighting with a handshake before a worldwide television audience, Mr. Arafat and Mr. Rabin held separate news conferences on Wednesday. And though Mr. Rabin declined to shake Mr. Arafat's hand during a session with photographers, Mr. Rabin's spokesman, Gad Ben Ari, said that "there was a shake of hands."

Mr. Ben Ari said a joint news conference had never been planned, adding that Mr. "Rabin wanted it to be a working session and not a ceremonial session."

"He wants to get to business," Mr. Ben Ari said. Mr. Rabin and Mr. Arafat both termed their two-hour meeting in a suburban Cairo presidential palace of President Hosni Mubarak "positive." Mr. Ben Ari termed the atmosphere "business-like."

"I suggested this meeting with one purpose in my mind: To start to implement the agreements that were signed in Washington on the 13th of September," Mr. Rabin said. "We are committed to whatever we signed. But it's not enough to sign, you have to translate it to negotiations, into reality. The atmosphere was constructive."

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Fending Off Congress, Clinton Links Pullout To Safety for Somalis

By Paul F. Horvitz International Herald Tribune WASHINGTON — President Bill Clinton, under intense pressure from Congress, reportedly prepared Wednesday to set a clear timetable for U.S. withdrawal from Somalia while temporarily bolstering U.S. troop strength and firepower there.

Mr. Clinton thus appears to have rejected demands from some in Congress for an immediate U.S. pullout after heavy U.S. casualties in a weekend battle with Somalis.

A senior Clinton administration official, quoted anonymously by The Associated Press, said the president planned a short-term increase in U.S. troop levels but also wanted a deadline for pulling out U.S. forces. No date was given.

In a brief televised statement Wednesday, Mr. Clinton said: "We are anxious to conclude our role there honorably, but we do not want to see a reversion to the absolute chaos and the terrible misery which existed before."

He declared that the United States was "completing the job of establishing security in Somalia."

Mr. Clinton was to announce the results of a policy review on Somalia on Thursday, after consulting with congressional leaders.

The AP quoted Pentagon sources as saying that one option called for sending at least 2,000 new combat troops and more heavy weaponry to Somalia, where nearly 5,000 U.S. troops are already stationed under United Nations command.

In addition to the storm of criticism from Congress, Mr. Clinton clearly was discouraged at the inability of the 28,000-strong UN force in Somalia to cooperate adequately in protecting U.S. forces.

On Wednesday, Mr. Clinton canceled some public events and held two long meetings with his national security staff to rework a Somalia policy that some lawmakers said was unraveling politically and militarily.

Representative Patricia Schroeder, a Colorado Democrat who is a member of the Armed Services Committee, said after meeting with

Mr. Clinton that she believed he would put a "tighter rein" on military operations. She was quoted as saying the White House would clearly the time frame for a pullout, lay out its goals and discuss further security measures for soldiers.

Although many lawmakers were vigorously pressing for an immediate U.S. pullout, others urged caution, and Senate leaders managed Wednesday to delay any vote on the issue for at least a week.

Top White House security aides had met for 90 minutes Tuesday evening with what one

On Page 2 Faulty intelligence and poor planning led to an attack gone awry. Warlord's aide says Somalis are holding a U.S. serviceman.

senator characterized as "200 very, very distraught members of Congress."

On Wednesday morning, 65 Republicans in the House of Representatives sent a harsh letter to the White House calling U.S. policy "indecisive and naive," as well as "a failure." Senator Bill Bradley, a New Jersey Democrat, urged an immediate pullout.

But the Republican leader, Bob Dole of Kansas, told the Senate, "It is not a time for panic."

Representative Lee Hamilton of Indiana, chairman of the House Foreign Affairs Committee, said: "There isn't any doubt that we're coming out. The question now is how you come out."

Senator Carl Levin, a Michigan Democrat, warned that a "precipitous" withdrawal would amount to "an engraved invitation to aggressors" around the world and would send a message of U.S. weakness and irresolution.

Complicating Mr. Clinton's dilemma was the detention of a wounded U.S. helicopter pilot by Somali guerrillas.

In his statement, the president emphasized but did not spell out an exit plan for U.S. troops.

"It is essential that we conclude our mission See SOMALIA, Page 2

Patten Gives China 'Only Weeks, Not Months,' to Settle

By Kevin Murphy International Herald Tribune HONG KONG — Squarely blaming China for intransigence in talks with Britain on Hong Kong's political future, the colony's governor raised the prospect Wednesday of ending negotiations within "weeks rather than months" unless Beijing made genuine efforts to end a bitter yearlong impasse.

"We have little time left in which to take the first step of securing agreement, if we can, with the Chinese side," Governor Chris Patten said in an annual policy speech.

"We believe strongly that it should be possible to reach an agreement with the Chinese government," he said. "But we now have only weeks, rather than months, to conclude these talks."

"I will leave it to the Chinese side to say how far they have been prepared to move," said Mr. Patten, who must weigh skittish public support

for his proposals against local fears of open confrontation with Beijing.

Mr. Patten disclosed that Britain had secretly made concessions over China's objections to a proposed widening of the electoral base for future elections. He said Britain had received no counterproposals from Beijing.

The governor plans to meet with Prime Minister John Major in November to discuss their next steps in dealing with China.

"Mr. Patten has drawn a pretty clear line in the sand," said Nick Moakes, an analyst with S.G. Warburg Securities. "There is little doubt Britain will go it alone eventually if China doesn't cooperate. The question is, can it persuade Beijing it's serious this time?"

One year ago, in his first policy speech, Mr. Patten proposed a package of electoral reforms that included: lowering the voting age to 18; increasing to 20 from 18 the number of directly elected seats on the Legislative Council; in-

creasing to 30 from 21 the seats held by such "functional" constituencies as teachers or doctors; having elected district boards select the remaining 10 members of the council; abolishing appointed membership on municipal councils.

Beijing refused for six months to discuss the Patten proposals. But in April it ended harsh attacks on Britain and British business interests that rocked local confidence, and agreed to talks after Mr. Patten put the reform plan on the Legislative Council's order of business. The council has not yet begun debate on the matter, waiting for the talks with China to play out.

Worried about the precedent it would set after it regains control of Hong Kong in 1997, Beijing abhors the idea of local legislators considering any significant laws before it first passes judgment on them.

"The minute Britain puts this to the legislators, it will violate the Chinese principle of

Nuclear Worries In Pacific: Will Paris Test, Too?

By Michael Richardson International Herald Tribune SINGAPORE — South Pacific nations said Wednesday that they feared that any further nuclear tests by China would prompt France to resume underground testing in the area, despite strong opposition in the region.

The French government indicated that it would not resume underground tests for the time being at Mururoa Atoll in French Polynesia, but Asian officials said it was very likely that France would break its moratorium if China continued to test.

They also expressed concern that China's breach on Tuesday of an informal moratorium on testing by the nuclear powers would jeopardize prospects for achieving a permanent global ban on tests and an indefinite extension of a treaty to stop the spread of atomic weapons.

Gareth Evans, the Australian foreign minister, said that "anything which suggests that some or all of the nuclear powers are going to go on testing and building their weapon stockpiles with the same enthusiasm that they have in the past is creating absolutely the wrong environment" in which to seek an extension of the Nuclear Nonproliferation Treaty in 1995.

Speaking in parliament in Canberra, he said that Australia was making representations "right now" to France, the United States, Russia and Britain. Mr. Evans said nuclear powers were being urged not to be "tempted by the Chinese breach of the de facto moratorium to go ahead and test themselves."

The United Nations Conference on Disarmament in Geneva recently agreed by consensus to begin formal negotiation of a comprehensive test ban treaty that would outlaw all nuclear tests for all time in all environments.

But the New Zealand disarmament minister, Doug Graham, said China's resumption of testing threatened the Geneva negotiations.

"If France now decides this is an excuse to get out of its own moratorium and then the U.S. does," he said, "then Geneva's wasting its time."

South Pacific island states also condemned China's action and hoped that it would not lead to a resumption of testing by other nuclear powers, said Teremia Talai, secretary-general of the 15-nation South Pacific Forum.

Responding to the Chinese test, President Bill Clinton instructed the Department of Ener-

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Lenin Lies Unguarded

Agence France Press MOSCOW — The round-the-clock honor guard at Lenin's mausoleum on Red Square was abolished Wednesday on the orders of the Kremlin guard command, Inter-Tass reported.

"The decision is linked to a change in ritual," the press agency cited an official as saying. The official made no further comment.

The goose-stepping, arm-swinging guards, who were changed every hour, were one of Moscow's main tourist attractions during the Soviet period and after the collapse of the Soviet Union in December 1991.

The guard has maintained its ritual — 210 steps in a period of 2 minutes 45 seconds — since Lenin died in January 1924. The embalmed body of the organizer of the Russian Revolution has lain in state ever since for visits by the Communist faithful.

Some Russian liberals, notably the mayor of St. Petersburg, Anatoli A. Sobchak, have campaigned to have Lenin removed from the mausoleum.

'Nothing More to Prove,' Jordan Quits Basketball

By Ira Berkow New York Times Service DEERFIELD, Illinois — Michael Jordan, the man generally considered the world's greatest basketball player and one of the most recognizable and product-promoting figures in the world, announced Wednesday that he was retiring from basketball. "I have nothing more to prove in basketball," he said.

"I have no more challenges that I felt I could get motivated for. It doesn't have anything to do with my father's passing, or media pressure, or anything other than that I had achieved everything in basketball I could. And when that happened, I felt it was time to call it a career."

And what a career it was. He joined the Chicago Bulls nine seasons ago, a 6-foot-6 (2-meter) All-American guard out of the University of North Carolina, when the Bulls were a struggling franchise. He became the team's spectacular, guiding force, transforming it into one of basketball's best. He leaves behind a record of 30 National Basketball Association championships in the last three years, having led the league in

scoring for the last seven seasons, tying Wilt Chamberlain's record and becoming a draw who filled up arenas wherever he performed.

Jordan, of course, was more than just a basketball player giving up the chance to throw a rubber ball through a hoop. This was a man adored and idolized from Chattanooga to China, but one never imitated: He taught

Jordan was exhausted by demands of perfection, and his loss is felt worldwide. Page 20. Nike's share price falls on the announcement that its star endorser is retiring. Page 13.

the world that it was indeed possible for one man to float in the air without the aid of strings. He was known, appropriately, as Air Jordan.

"He gave us more thrills than we could ever ask for," said Scottie Pippen, Jordan's teammate, echoing the sentiment of a legion of basketball followers.

Jordan, at a packed news conference here.

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Jordan announcing his retirement: "I always wanted to quit at the top."

He Can Run, but He Can't Elude Thatcher

By John Darnton New York Times Service BLACKPOOL, England — Some would say she is like the beast who will not die, rising up nightly out of her coffin to torment the living. Others see her as a protective angel, hovering over the landscape to ensure that the good works she started are being carried out.

Whatever she is, specter or saint, Margaret Thatcher just won't go away, and she is clearly making life miserable for her successor, the amiable but accident-prone prime minister, John Major.

Take this week, when the Conservatives gathered in this seaside town for their party conference, an annual ritual of speeches and banquets, intended to celebrate the party's position on everything from protecting fisheries to fighting crime.

But they hadn't counted on three things: the Daily Mail, the lure of a hot news story and Lady Thatcher's unrivaled ability to fascinate people. She is the land she ruled for 11 and a half years with a firmness and direction that makes old-fashioned Tories go wobbly with nostalgia.

Lady Thatcher's long-awaited memoirs, "The Downing Street Years," are out on Oct. 18, with all the hype worthy of a deal that reportedly brought her more than \$5 million. A five-part serialization is to start this weekend in The Sunday Times, a date chosen by her so that it would not precede the party conference.

The memoirs are being published by HarperCollins, which is owned by Rupert Murdoch. His company, News International, also owns The Sunday Times, which expected to see its circulation of 1.27 million rise by up to 100,000 with her memoirs.

Mail, a 1.7 million-circulation tabloid owned by Lord Rothermere, stole the thunder with front-page stories based on the memoirs. The Mail zeroed in on what many people wanted to know: what Mrs. Thatcher thought of Mr. Major, who replaced her in 1990 after a rebellion in party ranks forced her to resign as party leader. Not very much, apparently.

Although the news stories are notably short on direct quotations from her book, they make it clear that she regarded Mr. Major as an intellectual lightweight and as politically naive. "Intellectually, he drifted with the tide," was the front-page quote Wednesday in the Mail, under a close-up photograph of Mr. Major with his eyes closed and a caption reading, "Scorned."

The assessment goes to the heart of the criticism that some party members raise against Mr. Major — that he often switches course on such things as closing mines, national testing for pupils, scaling back on the military and staying within the rate mechanism for European cur-

See THATCHER, Page 7

Bhutto Rival Gains in Early Returns

ISLAMABAD, Pakistan (WP) — Nawaz Sharif, the Pakistan prime minister who was kicked out of office, reinstated and then forced to resign this summer, appeared to be edging ahead of Benazir Bhutto in early and incomplete returns Wednesday in an election that many were calling the cleanest in the history of the struggling democracy. The elec-

tion also was carried out without the violence usually associated with voting in Pakistan. No major incidents reported on Wednesday. Neither Miss Bhutto's Pakistan People's Party nor the Pakistan Muslim League, led by Mr. Sharif, was expected to capture a parliamentary majority.

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Table with market data including Dow Jones, Trib Index, and The Dollar exchange rates.

Jays Lead Playoff, 2-0

The Toronto Blue Jays beat the Chicago White Sox 3-1, on Wednesday to take a two-game-to-none lead in their four-of-seven-game American League championship playoff.

Troops Reach Haiti

PORT-AU-PRINCE, Haiti (NYT) — The first foreign troops — 26 Americans and 5 Canadians — arrived in Haiti to begin the final effort to carry out a UN agreement to end widespread violence and pave the way for the return of the exiled president, the Reverend Jean-Bertrand Aristide.

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# In Mogadishu Attack, Bad Intelligence and Worse Planning

By Eric Schmitt  
New York Times Service

WASHINGTON — United Nations reinforcements took more than nine hours to reach U.S. Army Rangers holding off hundreds of heavily armed Somalis on Sunday, and the delay contributed directly to the deaths of at least 12 American soldiers, according to Pentagon officials.

The American component of the rescue team, the Quick Response Force, did not have the proper equipment, and their Pakistani and Malaysian counterparts were not trained to carry out such a rescue operation, the officials said.

The Pentagon officials said that what should have been a "fairly standard, routine search-and-seizure mission" collapsed into a fiery debacle of bad luck, faulty intelligence and poor planning.

The accounts of the mission, which were still being pieced together by American and UN military officials in Washington and Mogadishu, the Somali capital, showed that the U.S. Quick Response Force was ill-equipped for fierce street battles, and that UN commanders failed to have armored troops ready to assist the Rangers if their raid went awry.

The 15-hour battle underscored how badly the United Nations, including its American commanders, had underestimated the size and ferocity of fighters loyal to General

Mohammed Farrah Aidid, the fugitive Somali faction leader.

"We just didn't expect to meet the kind of resistance that we did," one UN military official in Mogadishu said. "We didn't expect it to be that difficult."

President Bill Clinton's decision on Monday to send several hundred fresh troops, heavy tanks, armored personnel carriers with night-vision equipment, as well as search-and-rescue helicopters, reflected the administration's hurried effort to increase protection for the 4,700 American troops in the East African nation.

The American commander in Somalia, Major General Thomas M. Montgomery, had sent the Pentagon an urgent request for tanks and armored vehicles last month, but senior Defense Department officials rejected it, fearing congressional opposition.

Since they arrived in Mogadishu in late August, the 400 Rangers have conducted more than a dozen day and night raids in attempts to find General Aidid or his top lieutenants, with mixed results. The Rangers have captured several members of General Aidid's militia, but they have also mistakenly seized a man resembling General Aidid who was the head of a UN-endorsed Somali police force.

The success of the Rangers, trained to deploy within minutes after receiving intelligence infor-

## U.S. Policy Is a Mistake, Most in Poll Say

WASHINGTON — Two-thirds of Americans believe U.S. policy in Somalia has been unsuccessful, according to a public-opinion poll published Wednesday.

The poll of 525 people showed that 52 percent believed it was a mistake to get involved in the mission to guarantee relief supplies to the starving Somalis. Asked if the policy was a success, 66 percent said no and 25 percent said yes.

Fifty-seven percent opposed sending reinforcements; 43 percent favored leaving right away, and 26 percent wanted a gradual withdrawal.

Only 18 percent favored an increased military commitment.

The poll by the Gallup organization, which was taken on Tuesday for CNN and the newspaper USA Today, has a margin of error of five percentage points.

As the Rangers fought desperately in the streets, the Malaysian and Pakistani reinforcements spent more than four hours coordinating with American troops, the officials said.

Delays also occurred as the reinforcements battled their way through the streets to reach the Rangers, who were flung around the downed helicopters. As a result, the bulk of the casualties took place near the helicopters the Rangers fought to defend.

The reinforcements finally arrived about 2 A.M.

"The problem here largely was working in city streets," said Kathleen deLaski, a Pentagon spokeswoman. "There were barricades, and they had trouble getting to where they were trying to go."

Military experts diagnosed a broader, more systemic issue.

"There's no unity of command, and no good command and control system," said Bernard E. Trainor, a retired Marine lieutenant general who now directs the national security program at Harvard University's Kennedy School of Government.

By 7 A.M., the UN forces had evacuated the dead and the remaining defenders from the crash site. But by the time they reached the second site, all six men were gone, apparently captured by the General Aidid's soldiers.

## Iraq and UN at Impasse on Oil Sales

UNITED NATIONS, New York (Reuters) — Talks between the United Nations and Iraq on the sale of up to \$1.6 billion of Iraqi oil have failed, a UN spokesman said Wednesday.

Secretary-General Burtros Ghali reported the failure to the Security Council on Wednesday after discussions with the Iraqi foreign minister, Mohammed Said Sahhaf.

Iraqi oil sales have been barred under UN sanctions imposed after Iraq's invasion of Kuwait in 1990. But under two 1991 Security Council resolutions, Baghdad would be allowed to sell up to \$1.6 billion of oil to purchase humanitarian supplies and to begin paying war reparations. The Iraq has balked at the terms, which would involve monitoring both of the oil sales and of the purchase and distribution of the supplies.

## Tokyo Expects Anti-Yeltsin Protests

TOKYO (Combined Dispatches) — The Japanese will deploy 10,000 extra policemen in Tokyo to protect President Boris N. Yeltsin of Russia and head off protests by right-wing extremists during his visit next week, a police spokesman, announcing the security arrangements on Wednesday, disclosed that one extremist was arrested Tuesday and that two sneak into the Foreign Ministry offices armed with a sword, and that two others were caught throwing smoke flares into the Russian Embassy compound.

Some 150 extremist groups are expected to hold street demonstrations to protest Russia's refusal to return four islands in the Kuril chain, north of Japan, which Moscow occupied at the end of World War II. (AFP, AP)

## Russia and Poland Expel Attachés

WARSAW (Reuters) — Russia and Poland said Wednesday that they had recalled their military attachés from Warsaw and Moscow, but Polish government sources said both men had been expelled.

The Polish Defense Ministry said its attaché, Brigadier Roman Horzmoza, was recalled from Moscow on Tuesday for consultations. The Russian Embassy in Warsaw said its attaché, Colonel Vladimir Lomakin, had been summoned to Moscow last week.

The embassy gave no reason. But senior Polish government sources said that Warsaw had ordered the first expulsion of a Russian military attaché since the collapse of Communist rule in Poland in 1989 and Moscow had responded by throwing out Brigadier Horzmoza.

## Algiers Anti-Fundamentalist Killed

ALGIERS (Reuters) — A politician from an anti-fundamentalist party, Rabah Guezzen, was shot and killed outside his home in an Algiers suburb, his colleagues said Wednesday.

Mr. Guezzen, 43, a member of the national council of the Etabaddi party, was shot in the head and died Tuesday, the colleagues said. Etabaddi, which was formed last year after a split in the Communist Avant Garde Socialist Party, is militantly anti-Islamist.

The official Algerian news agency said late Tuesday that security forces had killed four Muslim fundamentalists over the weekend. One was wanted for the murder in May of the government prosecutor in Tlemcen in western Algeria.

## Satellite Lost After Bad Launching

VANDENBERG AIR FORCE BASE, California (AP) — A \$220 million Earth observation satellite has fallen silent after its launching put it into the wrong orbit.

Ground personnel were unable to contact the Landsat-6 after it was launched Tuesday aboard a Titan-2G rocket. The satellite was supposed to go into a polar orbit for a five-year, \$313 million mission.

"It's in a different orbit than we expected," said Carla Adam, a spokeswoman for Earth Observation Satellite Co. in Lanham, Maryland. "We're trying to communicate with it and it's not where we are sending our commands." She said scientists expected to get the satellite into the right orbit by the end of the week.

## TRAVEL UPDATE

Americans are warned not to travel to the former Soviet republic of Georgia because of security problems, particularly in the western region of Abkhazia, the State Department said. (AFP)

Beggars and homeless people have been banned from tourist areas of Cannes, France. Mayor Michel Mouillot said begging had created law and order problems and harmed the Riviera resort's image. (Reuters)

Royal Nepal Airlines has begun service between Kathmandu and Paris, with stops in the United Arab Emirates and Frankfurt. (AFP)

## Americans Caution Yeltsin About Censorship of Press

WASHINGTON — The United States expressed concern Wednesday to President Boris N. Yeltsin about press censorship imposed after government forces crushed a revolt by Mr. Yeltsin's opponents.

"We have raised our concern about freedom of the press with the Russian government, and we will continue to do so," said Ambassador-at-Large Strobe Talbott, a leading adviser to President Bill Clinton on Russian affairs.

"We do not believe that Russia's democracy has anything to fear from a free press," Mr. Talbott said at a congressional hearing.

Mr. Yeltsin had ordered the censoring of several articles in Russia's press and closed down 10 opposition publications, including Pravda. Mr. Talbott said that the censorship had been rescinded, but that it was believed the publications remained shut down.

## Russia Orders a Giant Tarp to Hide A Charred Symbol, the Parliament

By Fred Hiatt  
Washington Post Service

MOSCOW — Even before the last bodies had been removed, the government had placed an order with an Austrian company for a huge tarp to cover the charred, ghostly bulk of the parliament building. It was as if Russians themselves could not produce something large enough, or thick enough, to hide the shame of their own fratricide.

For Sergei B. Stankevich, a top adviser to President Boris N. Yeltsin, the first priority was "to remove this terrible sight."

The White House, the hulking marble parliament that had been briefly a gleaming symbol of democracy, had become something quite different for Russia and the world since Monday, when tanks sent a dozen powerful rounds into its broad flank.

"A symbol of terrorism," Mr. Yeltsin said.

"A symbol of national tragedy," Mr. Stankevich said. "Our newly born Russian democracy failed to resolve this conflict peacefully and constitutionally."

And yet, it seemed Wednesday that Russians could hardly get enough of "this terrible sight." Thousands came to gawk in city to hunt for souvenir bullets, to loot typewriters or to light candles and strew flowers.

The evening news, even before reporting on Mr. Yeltsin's first post-coup address, showed the smoldering wreckage inside — the poignantly intact chandeliers, crumpled desks, bloodstains and glass shards, doors sealed off.

Even before Mr. Yeltsin's tanks redecorated the building, it had not been a pretty sight. An odd, squat, oval tower rising from within a clumsy, low-lying rectangle, the White House looked like "an enormous wardrobe," the architect Seymour Faibisovich said in an interview on Wednesday.

The inside was so convoluted and impractical that one could imagine hard-line Communist rebels emerging 20 years from now from some long-forgotten corridor or stairwell, rifles in hand.

In fact, Interior Ministry troops searching the building said they believed that some hard-liners were still hiding in the basement, which like the rest of the building was without lights.

"I feel like somebody is down there," Colonel Georgy Voznitski said. "We can hear them moving around at night."

Mr. Faibisovich said the building was designed by "the most monstrous" Soviet architect, Dmitri Chechulin, whose gargantuan Rossiya Hotel had more to destroy the integrity of old Moscow than any single other structure. Stalinist architecture like Mr. Chechulin's was supposed to belittle the individual, to overwhelm, to impress and suppress.

But the White House failed even in this, Mr. Faibisovich said. "It is petty-bourgeois Philistine style extended to imperial scale," he said.

Now the Black House, as everyone calls it, is hypnotic in its ugliness, with windows gaping and soot darkening the top six floors. Pedestrians leaned for hours on the parapet of a bridge across the Moscow River, on whose bank the parliament rose like some giant steamship too heavy to put to sea.

## RUSSIA: Yeltsin Declares 'Black Days' Over and Affirms Date for Parliamentary Elections

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heavals and scandals," he said. This call is sure to heighten political tension in provinces, where Mr. Yeltsin's decree on Sept. 21 dissolving the national parliament met with little support.

Bowing to pressure from Mr. Yeltsin's aides, Valery D. Zorkin, the chairman of Russia's Constitutional Court, turned in his resignation, declaring in a letter to his fellow judges that it was "impossible to carry on with my duties in the current situation."

Mr. Zorkin will remain on the court while Nikolai Vitruk, now deputy chairman, takes his place at its head.

Mr. Zorkin, who last winter tried to broker a compromise between the warring executive and legislative branches, later consistently and predictably supported the parliament in its claim to be upholding Russia's much-altered constitution.

With only two months to go before parliamentary elections, Mr. Yeltsin said Russia "needs a normal democratic constitution as badly as we need the air to breathe."

But in the absence of a parliament and without the guide of a credible constitution, it is still not clear how the elections will be run or how their results will be judged.

Mr. Yeltsin has previously said that presidential elections will also be held, but not until the spring.

Confirming that censorship of the press had been lifted Wednesday, Mr. Yeltsin warned journalists not to abuse their freedom. "If you think that the situation is completely back to normal, you are making a big mistake," he said. "Passions have not yet abated. Any careless, irresponsible word can inflame them again."

Cheered by the removal of the temporary censors from their midst, newspapers were preparing to print articles that had been banned Tuesday, including one in Segodnya, a liberal daily in which a journalist described an atmosphere of chaos and indecision inside the Kremlin as the rioting broke out on Sunday.

But there were signs that some editors were preparing to assume the role of self-censors. At Rossiyskaya Gazeta, which had been the parliament's newspaper and has now been turned into a second government newspaper, the new editor withheld salaries from reporters until they produced a written account of their activities since Sept. 21, the day Mr. Yeltsin issued his decree dissolving the parliament.

Ruslan I. Khasbulatov, chairman of the now-defunct parliament, and Alexander V. Rutskoi, the vice president who became the parliament's acting president, spent their second day in isolated cells at Lefortovo Prison, under the custody of the Ministry of Security.

Both men have already hired lawyers to defend them against charges, expected to be formally brought Thursday.

A total of 160 people from the White House are now being held in Lefortovo, including the former security minister, Colonel General Viktor P. Baranikov; the parliament's defense minister, Colonel General Vladislav A. Achalov, and Lieutenant General Albert M. Makashov, who led the charge against the Ostanjkin television station, where scores of people were killed.

Viktor Anpilov, whose hard-core opposition group, Working Moscow, played a key role in the unrest on Sunday, is still being sought, Moscow police said. Most rank-and-file parliamentary deputies, who had stayed at the White House until the end, have been released.

At a news conference, Moscow's police chief, General Vladimir Fankratov, admitted that his troops had performed poorly on Sunday, when they turned and fled before a crush of attacking demonstrators.

"I am not saying that the police always acted brilliantly during the combat," he said. "But they were just not prepared or trained for military action."

## SOMALIA: 'Honorable' End Somali Warlord Wants an Exchange of Prisoners

Continued from Page 1

in Somalia but that we do it with firmness and steadiness of purpose," he said.

Among those meeting with the president were Secretary of State Warren M. Christopher, Defense Secretary Les Aspin and the U.S. commander for the region, General Joseph P. Hoar of the Marines.

Clues to Mr. Clinton's thinking emerged Wednesday in a news agency interview. The president was clearly outraged by the fierce attacks on U.S. troops over the weekend, in which 12 Americans died, more than 60 were wounded and a handful disappeared.

The widely disseminated photograph of a dead U.S. soldier being dragged through the streets of Mogadishu, as well as videotape of a shaken and wounded U.S. pilot, seems to have had a major impact on public opinion.

In the interview, Mr. Clinton said: "It curdles the stomach of every American to see that, because we went there for no purpose other than to keep those people alive."

"It really makes me angry," he added, saying he was increasingly uneasy about operating under a UN command structure that no longer provided "the help we need to protect our people."

Currently, U.S. troops are part of a 28,000-member UN force in Somalia and operate under UN command. But all acknowledge that the Americans form the core fighting force and take on the most dangerous missions.

Among Mr. Clinton's aides, Mr. Christopher was thought to be counseling against a hasty withdrawal.

By Donatella Lorch  
New York Times Service

NAIROBI — A senior aide to the Somali warlord General Mohammed Farrah Aidid acknowledged Wednesday that Somalis were holding an American serviceman hostage and said that he would be freed only in exchange for high-ranking Somalis held by the United Nations, news agencies reported from Mogadishu.

But a UN military official in the Somali capital said they had not received any official word from Mr. Aidid's militia about the prisoner, Warrant Officer Michael Durant, the pilot of a U.S. helicopter that was shot down on Sunday.

He also stressed that all negotiations were in the hands of the civilian side of the United Nations.

"The military never negotiates," the UN military official said. "I don't think this will fly. This is a UN effort. The civilian side must get involved in the negotiation."



Normal activities returned to Moscow streets on Wednesday.

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# STATESIDE / WASHINGTON ISN'T EVERYTHING

## Ignore It She Might, but This Quayle Is a Lot Like a Clinton

By Karen De Witt  
New York Times Service

INDIANAPOLIS — Marilyn Tucker Quayle is free at last. Free from political expectations and expediency, free from images imposed by the national news media, free from the sullen prickliness that contrasted so sharply with her husband's sunny demeanor.

Now that the Quayle family is back home in Indiana, the woman who groused that she couldn't join a law firm when her husband, Dan, became vice president, then touted her stay-at-home status at the Republican National Convention as a counterpoint to Hillary Rodham Clinton's lawyer life, has shaken her armor.

She and her family are happily re-grounding themselves in the country's rolling midriff, she says. Forget Washington. Forget the East Coast.

"Everybody on the East Coast thinks this is the lost land," she says over chicken salad at Pesto, an Italian restaurant in downtown Indianapolis. "It is not. It is a wonderful place to live, with wonderful people. We have a symphony."

Of course, the East Coast — Washington, to be exact — had its pluses. "I'd be a fool to say that I didn't miss the gardeners and the stewards," she said, reminiscing about government life.

For the four years that her husband was vice president, Mrs. Quayle lived in the white-hot news-media spotlight of the nation's capital. She did not like it. She particularly did not like the fact that it was trained on every gaffe, foible and failing of her husband.

"There is no question that Marilyn Quayle was a defensive spouse," said Ann Compton, ABC-TV's White House correspondent and a friend of Mrs. Quayle's.

Now that she no longer has to play that role, Mrs. Quayle can expose a devilish streak, a kind of smart-mouth, bad-girl, leader-of-the-pack persona that is totally unexpected after the tight-lipped Marilyn Quayle of "women do not wish to be liberated from their essential natures."

Hear her on the issue of stay-at-home mothers' return to the work force and she sounds almost like a comparable-word advocate.

"If you go back into the work force and you have this 4- to 10-year period — you can put down also that you chaired this event, this event, this event — the employer looks at your résumé and says, 'Yeah, but where have you worked?'"

She said, "There are so many things that women who don't enter the work force do that should be translatable; the idea that you have to put a dollar figure on every-

thing really does need to be changed." Mrs. Quayle herself has a full plate of projects. She's finishing another novel with her sister Nancy T. Northcott (the first novel was "Embrace the Serpent," published in 1992). Although she says she's not thinking about running for political office just yet, she is heartened by

**Asked why she has always been perceived as so much smarter than her husband, she says, 'He's blond.'**

state Republicans' interest in her doing so. She loves the law. She likes her new office in the law firm of King, DeVault, Alexander & Caphart, even if she's not crazy about decorating it: choosing from all those blue carpet swatches and wall cover samples. Yeah!

She is carving out a niche at the firm. One specialty happens to be Mrs. Clinton's own: health care policy. Mrs. Quayle also works on international trade and corporate issues, but she won't say who her clients are.

She worked at a nonpaying job in the

Bush administration as a disaster specialist, helping to coordinate relief services — among her projects, the 1992 Florida hurricane and the 1989 San Francisco earthquake. But she hadn't practiced law since she and Mr. Quayle took down the Quayle & Quayle law practice shingle 16 years ago and moved to Washington after he became a member of the House.

Mr. Quayle is writing a book about his life as vice president. The three Quayle children — Tucker, 19; Benjamin, 16, and Corinne, 14 — are fine, too. And Mrs. Quayle is all sunny tightness. Everything is starchy upright about her except her flip hairdo, which has wilted in the humidity.

Only a touch of bitterness creeps into her voice when she talks about the national press.

"If you don't screw up, you don't get news," she says. "If it's a good story, it isn't going to be out there if the decision has already been made that nothing positive was going to come out of the Bush campaign."

Then comes a moment of glee. She recalls Bob Woodward, The Washington Post's grand hand of investigative journalism, stumped by her silences during interviews for a 1992 series on Mr. Quayle.

"I used to drive him crazy because when I was done answering questions, I was done," she said. "A reporter's trick is if you pause a little bit, people try to fill in the air. My friends know I'm a master of dead air. During interviews I would sit there. He'd be getting nervous because there would be these long silences."

It's a strategy that Mrs. Clinton would probably appreciate. Ideology aside, Mrs. Quayle has more in common with Mrs. Clinton than either might like to admit.

Both are lawyers, both are smart, both married ambitious politicians and both have made compromises in dress, demeanor and hair that offend some feminists. Both are wary of the news media.

Asked why she has always been perceived as so much smarter than her husband, without missing a beat, she said, "He's blond."

"Blond?" "Yeah, blonds have more fun. That's why Madonna dyed her hair. If I was a blonde with the same demeanor, people would have a totally different attitude toward me."

Perhaps that is why Mrs. Clinton lightened up her originally dark locks? But that kind of question only elicits dead air.



Everything about Mrs. Quayle, the former vice president's wife, is starchy upright — in this picture, even her flip hairdo.



ALTERED STATE — A modified WALK/DON'T WALK sign flashing its message on a Manhattan street corner. Officials say that the unauthorized signs, which appear occasionally with commands such as CONFORM/CONSUME and REPENT/SIN, are the work of artists.

## A Democrat's Pointed Opposition: Gephardt's Crusade on Trade Pact

By Dan Balz  
Washington Post Service

WASHINGTON — The House Democratic leader, Richard A. Gephardt of Missouri, is giving new and ironic meaning to the term "quiet opposition."

In the past two weeks, he has delivered two major speeches, spoken to three newspaper editorial boards, courted network anchors, chatted with about 20 columnists, appeared on the NBC News program "Meet the Press," spoken to Democratic governors and addressed the AFL-CIO convention.

Mr. Gephardt's cause is the North American Free Trade Agreement, and if there was any hope in the White House that the majority leader would keep a low profile in opposition to the pact with Mexico and Canada, it has been extinguished by his whirlwind pace.

Mr. Gephardt says he is not trying to resist arms in the fight over the pact, only trying to raise the level of the debate on it. But his activities raise questions about whether his leadership role conveys special obligations to the president, about the line between political loyalty and personal conviction and about President Bill Clinton's willingness to turn the other cheek in the face of such a significant defection.

White House officials insist that Mr. Gephardt's opposition has not caused a rift in his close relationship with Mr. Clinton. "His view was well known to us and not a surprise," said the White House communications director, Mark Gearan, choosing his words carefully. "We have this respectful disagreement. We think he's wrong."

Mr. Gephardt is even more eager to play down the split. "It would obviously be trouble if there were a vast difference on the budget, on

health care, on education reform, on welfare, and I was diametrically opposed to what the president wanted to do," Mr. Gephardt said. "That could be a difficulty. That's not the case."

And if Mr. Gephardt sounds uncomfortable about opposing the White House, he seems downright embarrassed to be in bed with the sound-bite king, Ross Perot, who is barnstorming the country warning that the trade pact will result in "a giant sucking sound" of U.S. jobs flowing south to Mexico.

"The 'giant sucking sound' is a graphic description, but I don't think it's particularly helpful to a meaningful discussion of this issue," Mr. Gephardt said.

Mr. Gephardt's argument against the pact largely rejects Mr. Perot's premise, which is that it will cost the United States jobs. "We've already lost a lot of jobs to Mexico," he said. "That's not the greatest issue in my view."

Mr. Gephardt argues that by failing to hold Mexico accountable on labor laws and standards, and by largely ignoring the issue of Mexican wages, the pact will put

additional downward pressure on the wages of U.S. workers and harm their standard of living. He said the current experiment in free trade with Mexico, through the maquiladora program, was an example of what he does not want to see under the pact. The maquiladora program created low-wage assembly plants in Mexico, which import U.S. parts and export mostly finished products duty-free.

"We're losing all these jobs to free trade," he said during a lunch with Washington Post reporters and editors. "We didn't take care of the environment, infrastructure wasn't built, there's no training for American workers and there isn't a darn thing going on with Mexican wages."

What concerns Mr. Gephardt is that the pact will be a model for similar free trade agreements with other Latin American countries. "If we boitch it, we're not coming back to it," he said.

In the last five years, Mr. Gephardt has been an advocate for tougher trade policies and, critics say, a symbol of growing protectionist sentiment here.

## Away From Politics

Four teenagers have been arrested in Tallahassee, Florida, in the highway rest-stop slaying of a British tourist, but a judge barred the authorities from releasing details. Greg Cummings, the lawyer for one of those charged in the Sept. 14 shooting death of 34-year-old Gary Colley, said he asked for the gag order "to prevent a poisoning of the public who may have to hear the case."

Donald Trump charged that organized crime is rampant in the American Indian gambling industry, telling disbelieving lawmakers in Washington it could become "one of the biggest scandals since Al Capone." Federal officials disputed his claim, saying they have found little evidence of mob activity in tribal casinos.

A week after trumpeting its new vegetarian rations, the Pentagon has egg on its face: The first batch of 225,120 meals contain animal products. Thus, the initial shipment of rations designed to be "culturally correct" are not suitable for some religions, including Muslims in Bosnia — the first place the rations were expected to go. Fortunately, the error was caught before any of the humanitarian daily rations, or HDRs, were delivered as emergency aid, said Vernon Guidry, a Defense Department spokesman.

A Secret Service agent testified that he saw a yellow van in New York's World Trade Center parking garage an instant before an explosion "vaporized" the area. Jan Gilhooly's testimony angered defense lawyers, who said they were not told in advance that the agent believed he saw a van the same color as the one prosecutors allege carried a terrorist bomb into the garage on Feb. 26.

In a report designed to better safeguard plants and animals, the National Academy of Sciences called on the government to establish a central repository of scientific information on the condition of American flora and fauna.

A judge said he secretly sequestered the jury deliberating the fate of two black men charged with the riot beating in Los Angeles of a white truck driver, Reginald Denny. "On my order, the jury has been sequestered," said Judge John W. Ouderkerk of the Superior Court. "I chose not to inform the counsel or the public until the sequestering was accomplished." AP, NCT

## POLITICAL NOTES

### Forest Service Enforcers See Timber Rip-Off

WASHINGTON — Timber companies are routinely stealing millions of dollars worth of trees from national forests with the tacit encouragement of senior U.S. Forest Service managers who frequently thwart efforts to stop the practice, according to federal officials.

In congressional testimony, three Forest Service law-enforcement agents and a former U.S. attorney from Oregon painted a portrait of an agency so driven by institutional and political pressures to maximize timber production and so inbred with the industry that it invites and sometimes colludes in widespread fraud and theft.

"Timber theft is out of control in our national forests," said Michael Nitsch, a 15-year veteran of the Forest Service's law-enforcement program.

The agency's "inbred relationship" with the timber industry combined with easily manipulated practices governing bidding, timber measuring and sale layouts, has resulted in a system riddled with "invitations to steal and defraud," said Charles H. Turner, the former U.S. attorney. (WP)

### Primary Shifts Scramble Presidential Politics

WASHINGTON — Governor Pete Wilson of California has signed legislation that will advance the date of his state's 1996 presidential primary from June to late March, a move that could significantly reshape the 1996 campaign.

Last week, Governor George Voinovich of Ohio signed a bill

shifting that state's primary from May to the same Tuesday in March that Illinois and Michigan hold their primaries.

The result is that candidates in 1996 will face a virtual national primary in March. Texas, Florida and other Southern states, which first bundled themselves together in 1984, will hold their so-called Super Tuesday primaries the second week in March. The three midwestern states will vote the next week and California, the most-populous state in the country, will vote on the fourth Tuesday in March.

Over the past decade, presidential primary calendars have become increasingly front-loaded, but the shift of California and Ohio now virtually guarantees an early end to the nomination fight. (WP)

### Senate Confirms New Head of Joint Chiefs

WASHINGTON — General John M. Shalikashvili, President Bill Clinton's choice to head the Joint Chiefs of Staff, has been confirmed by the Senate.

By voice vote and without dissent, the Senate approved the four-star army general, who succeeds General Colin L. Powell. (AP)

### Quote/Unquote

Jane Kirtley, executive director of the Reporters Committee for Freedom of the Press, on the Clinton administration's move to make it easier to gain access to government records under the Freedom of Information Act: "This is terrific, and it's long overdue. For years, the government has been hiding behind the 1981 directive to delay, to withhold and to obfuscate." (NYT)

## '60s Radical Gets 8-to-12-Year Term for Killing

BOSTON — A 1960s anti-war radical who eluded the police and federal agents for 23 years before turning himself in last month was sentenced on Wednesday to 8 to 12 years in jail for her role in the 1970 killing of a Boston police officer.

The former fugitive, Katherine Ann Power, 44, had pleaded guilty to reduced charges of manslaughter and armed robbery in connection with the death of the officer, Walter Schroeder, who was gunned down during a bank robbery on Sept. 23, 1970.

Judge Robert Banks of Superior Court also imposed a 20-year probation on Ms. Power, prohibiting her from profiting from her crimes and warning that she could spend the rest of her life in prison if she violated any of the terms of the probation. "I will not permit profit on the

lifeblood of a police officer by someone responsible for his killing," Judge Banks told the court.

Ms. Power, who was a senior at Brandeis University outside Boston at the time of the murder, was part of a gang of four radicals armed with handguns, a shotgun and a submachinegun who robbed the bank in Boston. Mr. Schroeder was killed by a single shot in the back.

Nine of Mr. Schroeder's children attended the court session as uniformed plainclothes policeman packed the halls outside the courtroom to await the sentence.

Mr. Schroeder's family had earlier bitterly criticized Ms. Power, asserting that she was being portrayed as a sort of folk heroine because of her anti-war activism during the Vietnam War years. "She's been treated like a hero," said Paul Schroeder, the son of the

murdered officer. "Her being made a hero has poured salt in our wounds."

Ms. Power, one of the last of a generation of 1960s anti-war fugitives who was on the FBI's most wanted list for 14 years, expressed remorse for the killing, saying her conscience finally persuaded her to turn herself in.

She eluded Federal Bureau of Investigation agents by living in a string of women's communes and later settling in Oregon, where she lived under the alias Alice Meszinger, married and raised a son. She taught cooking and nutrition and was involved in running a restaurant in Corvallis, Oregon.

Ms. Power's sentence was harsher than expected. Her attorney had hoped for a five-year sentence on the manslaughter and armed robbery charges.

Late last month, she pleaded

guilty in federal court on separate charges of theft of government property in connection with the robbery of a government armory. The charges carry a maximum penalty of 10 years in prison and a \$10,000 fine.

### People's Daily Is Said To Have a New Leader

The Associated Press

HONG KONG — China has appointed a new editor in chief for the Communist Party newspaper People's Daily, a Hong Kong report said.

Fan Jiayin, former editor of the official Economic Daily, took over in late September from Shao Huzuo, said the China-financed daily Wen Wei Po, quoting anonymous sources.

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Herald Tribune

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Stay Firm on Hong Kong

On Tuesday China confessed to another nuclear test. On Wednesday it heard Governor Chris Patten, of tiny next-door Hong Kong, say he is sticking to his plan to make that British territory a more democratic place before it rejoins China in 1997, despite China's angry objections. The two events are connected. Mr. Patten is right to be resolute, because today's China needs to be reminded that it is out of step with the rest of the world. It is hard to see how Mr. Patten can make more changes to his plan for Hong Kong's future without abandoning it altogether. The proposal he made a year ago was modest enough. By the time Hong Kong becomes part of China in 1997, only a third of its Legislative Council — no sharp-tongued creature, anyway — will be directly elected. Another third, in his original plan, would have been chosen in ways that paid serious attention to ordinary people's wishes; but even this dose of semi-direct election has since been diluted. Any more dilution and the hope of a post-1997 Hong Kong with a voice of its own will have vanished. The trouble is that the nearer 1997 comes, the harder the going gets for Mr. Patten. The legislation for a bigger slice of democracy has to be passed pretty soon if it is to take root by 1997. But, as the year of hand-over approaches, there are nervous businessmen, dominating today's Legislative Council, who grow steadily more fearful of offending the Chinese government. The longer Mr. Patten leaves it to put his democratization plan to Legco, the likelier that Legco will shamefacedly reject it.

The governor — with the British government's support — should take a deep breath and march on. If China's consent is not forthcoming, he will have to take his proposals to the Legislative Council and ask that anxious body, summoning up its courage, to approve the move to greater democracy. Hong Kong badly needs even this modest extra ration of democratic reform. Until now, Britain has never let the Hongkongers govern themselves; but it has given them the rule of law and a free press, the basics of a civil society. China says it will respect these things after 1997; but the often repeated phrase "one country, two societies" tacitly admits how alien it finds them. If Hong Kong is to preserve its freedoms after 1997, it needs a legislature clearly rooted in the popular will. But China, say the fearful, will overthrow the Patten plan as soon as it can. No, it probably will not. Much of China's trade, and of the investment that flows into China, depends on Hong Kong. The Chinese government needs a calm, confident post-1997 Hong Kong. To start the post-1997 journey with a head-on political collision would be bad for all of China. China's government is going through a sorry patch. It knows that its sort of politics has been rejected by most of the world. It failed to get the 2000 Olympics. Its economy is temporarily in trouble. But the Chinese are, in the end, a practical people. If the world stays calm and firm, the sureness will pass. And that includes staying firm on Hong Kong. INTERNATIONAL HERALD TRIBUNE.

Getting Out of Somalia

Unfinished Business

Who has not puzzled in dismay over how the United States got from a bold, legitimate and successful feeding mission in Somalia to the current confused and frustrating quest for — well, for what? From the United Nations to the United States and on down, almost everyone has lost the thread of an exercise that sometimes looks as though it will engage and endanger international forces out to the horizons of time. In this condition of risk and indeterminacy, no wonder that the shock of casualties is kindling a demand for withdrawal from a presumptive "Vietnam." It is a tug that cannot be ignored, but one that must not be succumbed to in panic. For it is right and only logical — lest the original crisis soon be recreated — for the UN forces to try to create conditions in which their necessary humanitarian accomplishments would not be reversed when they left. It is said that the purpose was impossibly grand, and no doubt some statements of it did go beyond the actual size and intent of the mission. But it was the tactics that went awry. Mohamed Farrah Aidid, a warlord who had been prominent among those creating the crisis, set out to serve his own political ambitions by taunting — who better? — the American interveners. The United Nations, deciding that its integrity and the

future of peacekeeping were on the line, overreacted. Its military responses had the effect of magnifying the place of General Aidid. Its political responses made the mission seem increasingly and alarmingly open-ended. President Bill Clinton must get on the case. The quick-reaction combat part of the American deployment in Somalia is, after all, directed by the American chain of command; it is under UN command. The Pentagon, which was caught by surprise by General Aidid's field tactics, should make what fixes are necessary to lower the risk to American forces — and to lower the damaging sense of a David-and-Goliath confrontation. Mr. Clinton must come up with a statement of policy that better balances Somali realities and American political and military requirements. The appropriate and appropriately modest mission is not to take over Somalia's destiny but to lend a helping hand and make sure the humanitarian effort at feeding a starving nation succeeds. Revenge should not be part of this mission; the rescue or release of any U.S. prisoners should be. The United States has business to complete in this mission. It should do so and then get out. Mr. Clinton needs to articulate much more precisely what the intentions and limits of this exercise are. — THE WASHINGTON POST.

Refuse the Quagmire

America's national pride could be injured if the Clinton administration decides to extricate U.S. troops from the gathering disaster in Somalia. America's national interests could be injured if it does not. The latest fiasco in Mogadishu, which left some 12 U.S. soldiers dead, 78 wounded and at least one hostage, provides all the evidence the administration needs. U.S. troops are now prime targets in a deadly Somali power struggle — even though Washington never formally decided to take sides and no essential American interests are at stake. Only two weeks ago, Washington informed UN Secretary-General Butros Butros Ghali — apparently without effect — of its desire to radically redefine the United Nations mission. It now needs to issue a blunter ultimatum: unless the United Nations retreats immediately from its efforts to capture or face down Mohammed Farrah Aidid and refocuses on diplomacy and relief, American troops will be withdrawn as soon as it is safe to do so. Washington has done the reverse, responding to the bad news from Mogadishu by sending 250 additional U.S. troops to supplement the 4,500 already there and reiterating its determination to restore order. This despite the rising clamor in Congress for an "exit strategy." The administration may be accurate in its prediction that U.S. withdrawal could jeopardize earlier gains in famine relief. But that risk cannot be allowed to hold American lives hostage to a mission gone strategically awry. Even before Bill Clinton came to office, American leaders understood that Washington could not answer every deserving call for help. In fact, the Bush administration justified its decision to send troops to Somalia but not Bosnia on the grounds that food supply routes could be secured in a limited time with minimal risk to American lives. That may have been true at the time. But the nature of the mission changed dramatically in June, right after Washington turned control over to the United Nations. After an ambush of UN peacekeepers by forces thought to be loyal to General Aidid, the Security Council unanimously made his capture and trial an essential part

of the mission and set about pacifying his south Mogadishu stronghold. Mr. Butros Ghali and his special representative, Admiral Jonathan Howe, have pursued that mandate aggressively, multiplying UN and civilian casualties and draining political support from more successful efforts at reconstruction and relief outside Mogadishu. Recent pleas from Washington and other Security Council powers to break off the confrontation have gone unheeded. An explicit U.S. ultimatum may now be the only chance to force change and save the mission. During the Cold War, Washington refused to back down even from acknowledged mistakes. The fear was that it would lose global credibility. But what happens to U.S. credibility when the secretary of state spells out ground rules and the UN secretary-general ignores them? This sour episode can only diminish Americans' appetite for activism abroad. General Aidid is a brutal warlord responsible for targeting American lives. But he is not a global threat like Stalin or Hitler or even Saddam Hussein. His only interest is political power in Somalia, and his legitimacy as a political actor there is not, in the end, for foreigners to judge. If Washington can't change the goals of the mission, thus extricating itself from the quagmire the United Nations has enmeshed it in, it's time to come home. — THE NEW YORK TIMES.

Other Comment

The People Are Waiting If Russia — under intense internal pressure — is to be saved from cracking up, not only geographically but morally and socially, Boris Yeltsin must convince the people that he is still capable of the kind of inspired leadership that won him support during the abortive coup two years ago. It would be folly for him to imagine that in destroying an obstructive parliament he has removed all opposition. The regions are wary. The military has again tasted power. The Russian people are waiting for results. They may show no mercy if their hopes are again betrayed. — The Straits Times (Singapore).

Refrain From Testing and Talk It Over With Beijing

By Gerald Segal

LONDON — China's decision to proceed with its underground nuclear test on Tuesday should come as no surprise. This is the country's testing "season." The fact that Western protesters over human rights effectively kept Beijing from being awarded the 2000 Olympic Games doubtless made China's leaders feel that they needed to demonstrate their independence. Before other nations turn the test into a major point of argument with Beijing, it is important to consider the risks. China may be groping toward a more considered arms control policy, but it will respond better if it is neither rushed nor browbeaten. Beijing can be excused for thinking that some in the West are trying to turn China into a version of the old Soviet threat. Instead of Moscow being blamed for hindering arms control, many in the Clinton administration hold China responsible for preventing agreement on a treaty to ban nuclear testing. Yet Beijing's atomic arsenal is small compared to those of the United States and Russia, and China has tested far fewer weapons than those two powers. Moreover, the United States is only a recent convert to the notion of a comprehensive test ban. China needs to be talked into an arms control agreement, and one that goes much wider than the nuclear testing issue. Such a deal may require rethinking Western relations with China, for the arms control issue is tied up with a range of other disputes involving trade and human rights. China's neighbors are the keenest advocates of talking Beijing into arms control. But most Asian leaders would agree that the main risk from nuclear weapons comes from North Korea. If international efforts to halt the risk of nuclear proliferation in North Korea are to succeed, China will at least have to acquiesce. Negotiations with Beijing on the issue have been tortuous. Many in the West may be disappointed that China's strategy toward North Korea has not been nearly as robust as

they had hoped. But Beijing will not be forced into stepping up the pressure on Pyongyang. Japan is most concerned that the North Korean nuclear problem be resolved. Other East Asian countries see worrying signs in the Japanese domestic debate of a renewed "allergy" to Japan acquiring nuclear weapons. The concern with a possible change in Japanese attitudes on this highly charged issue comes at a time when there are signs of progress in limiting proliferation elsewhere in Asia. Kazakhstan seems to be implementing its professed agreement to non-nuclear status. Pakistan attempted last month to ease U.S. concerns about its nuclear program. Turning Chi-

na into a misperceived nuclear bogey might hinder progress on nonproliferation in Asia. China's test is also of concern farther afield. Britain cannot test without U.S. permission, because its sites are on American soil. But the French could blow an even bigger hole in U.S. plans for a comprehensive test ban by resuming testing — perhaps to show their own independence from American attempts to order international affairs. Whether or not France resumes testing, those in Washington who favor a comprehensive test ban should hold the line, at least for another year. China has signaled a willingness to talk about a range of arms control issues. The agenda should include American concerns about banning the production of fissile

material and the transfer of highly enriched uranium to countries that do not accept international safeguards against proliferation. In the past, Beijing has had to be dragged into arms control, but it has inched forward. If the United States refrains from testing for another year, and uses the time to negotiate with Beijing on a range of military matters, then progress might also be made on other, more important issues, such as the risk of North Korea acquiring nuclear weapons. The writer is a senior fellow at the International Institute for Strategic Studies and editor of The Pacific Review. He contributed this column to the Herald Tribune.

A Heavy Agenda of Nuclear Issues to Discuss

By Leonard S. Spector and Evan S. Medeiros

WASHINGTON — Top U.S. intelligence analysts worry about the prospect of a total loss of regulatory control over China's nuclear exports. Even today there are serious questions about the extent of central government authority over transfers of sensitive nuclear commodities. Profit-making enterprises, often headed by the children of China's elite, routinely overlook export regulations. Even the halting control efforts that exist could be swept aside in the tumult after the death of Deng Xiaoping. A flood of dangerous nuclear transfers could come from China should central authority erode. The dispersion of China's nuclear assets will multiply the opportunities for sales to radical states like Iran, Iraq and North Korea. The Clinton administration has

a long agenda of nonproliferation issues to pursue with Beijing. In addition to its fears that China's nuclear test will impede progress toward a comprehensive test ban treaty, Washington recently imposed limited sanctions on China for the sale of missile components to Pakistan. In July the administration publicly expressed concern about continued Chinese nuclear assistance to Pakistan. Even as it took those steps, however, the administration was seeking (and apparently receiving) China's help in pressing North Korea to remain in the Nuclear Nonproliferation Treaty. As Washington pursues an indefinite extension of the treaty in 1995, a comprehensive test ban treaty and initiatives for nuclear re-

straint in South Asia, it will again require Beijing's cooperation. It would be an unfortunate mistake if, in the course of pursuing one set of nonproliferation goals, Washington overreacted and seriously exacerbated the risk of instability by engaging in economic warfare against Beijing. Washington should encourage Chinese nuclear planners to consolidate the country's nuclear forces, while shoring up lines of command and control to enhance centralized authority over nuclear arms and fissile materials. Moscow has retained operational control of the strategic missiles in Ukraine because Moscow alone controls the missiles' launch codes. It has successfully disabled bomber-launched cruise missiles

in Ukraine by removing their guidance instructions during routine maintenance checks by Russian personnel. And only Russia, for the moment, controls the enabling code for the nuclear bombs still in Ukraine. Beijing should act now to ensure that its controls over the weapons in its provinces are at least as effective. Beijing and Washington have had difficulty finding common ground on most nonproliferation and arms control issues. But on the question of China's nuclear stability in the post-Deng era, the two share a strong mutual interest that could be the basis for cooperation. Mr. Spector directs the Carnegie Endowment's Nuclear Nonproliferation Project. Mr. Medeiros is a project researcher. They contributed this column to The Washington Post.

Yeltsin Stands for Sanity Against a Dangerous Lunatic Fringe

By David Remnick

NEW YORK — In the euphoric days of August 1991, when the Communist regime finally collapsed under the weight of its own absurdity in the parliament of the Soviet Union gathered for what would be its valedictory session. In a Kremlin hallway, one neo-fascist raged for hours about what he would do if elected president: build enormous fairs to blow radioactive waste into Lithuania, declare war on Afghanistan again, storm the disloyal republics, restart the Cold War. As a circle of legislators urged him on, Vladimir Zhirinovskiy declared: "When I come to power, there will be a dictatorship. There's nothing like fear to make people work better. The stick, not the carrot." Perhaps in a generation or two the likes of Mr. Zhirinovskiy will represent nothing more than the lunatic fringe. But in Russia, where democracy is still a distant dream, the politics of fear, xenophobia, nostalgia and resentment have a sizable constituency. Mr. Zhirinovskiy won more than 6 million votes in the 1991 presidential election, and it is mainly this constituency, so deeply touched by the pathology of seven decades of dictatorial rule, that was at the center of the carnage this past week in Moscow. To get an idea of who was involved in this tragedy, we should dispense with the shorthand of "pro-Yeltsin reformers" and his "hard-line opponents." Even supporters of Boris Yeltsin, myself included, recognize that many opponents have taken reasonable issue with him, especially on the shape and pace of economic change. Only the blind and the heartless can fail to recognize that millions of "new poor" have fallen victim to rising inflation and that nearly all of Russia's nascent capitalism is being corrupted by rampant bribery and organized crime. More than a few honest politicians started out as stalwart supporters of Mr. Yeltsin's reforms but now find him too erratic.

This week's bloodshed, however, did not stem from reasoned politics. Even a severe critic like Yevgeny Ambartsumov, the head of the Parliament's Foreign Affairs Committee, said: Mr. Yeltsin's "weaknesses are well known, but now we don't have a choice: We support the president." The most blame goes to men all too willing to manipulate a mob toward its own martyrdom. This summer, in the name of the people, Vice President Alexander Rutskoi and the speaker of the parliament, Russian Khasbulatov, ignored the results of the April referendum, which supported Mr. Yeltsin and called for early parliamentary elections. They did everything they could to undermine the reform process. While blaming President Yeltsin for all the pain of economic change, Mr. Khasbulatov pushed measures through parliament tripling the state

budget deficit for next year and wiping out the government's ambitious privatization program. For his part, Mr. Rutskoi kept a map of the old Soviet Union on his wall and told visitors he would do his best to restore it — a queer notion of the vice presidency. Regrettably, by September politics had reached such a state of inertia that Mr. Yeltsin's dissolution of parliament seemed, at least to him, the only way out of the crisis of power. He waited 12 days before taking any action involving force. In the interim, more and more deputies left the parliament building, some to avoid a bloodbath, others to accept petty bribes of cash and airline tickets that represent the sum total of their yearning to serve. By the weekend, Mr. Rutskoi and Mr. Khasbulatov discovered that most of their remaining supporters were inheritors of Mr. Zhirinovskiy

— an cry coalition of raving nationalists, neo-Bolsheviks, fundamentalists, paranoids and thugs. The lure of martyrdom stirred deep in them. Mr. Rutskoi, a hero of the war in Afghanistan chosen by Mr. Yeltsin for his military connections, knew who his troops were. He knew the depths of their fury about the collapse of the old regime, and in his frustration he decided to exploit it. His initial disagreements with Mr. Yeltsin in 1991 evolved quickly into his tacit alliance with some of the most lunatic groups in society. In February 1992, at a movie theater in Moscow, he addressed the Congress of Civic and Patriotic Organizations, an assembly of far-right groups, and won applause. Until recent days, however, one had the impression that he would put life before political victory, that he was incapable of madness. This week, he proved terribly capable. Even as the Yeltsin camp was con-

sidering a compromise on Sunday in which there would be simultaneous elections for the legislature and the presidency, thousands of fanatics rampaged past unarmed policemen and into the parliament and the mayor's office. What Mr. Rutskoi did next was unforgivable: He gave voice to the worst instincts of the mob and called on his forces to storm the television control center to the streets. He let loose the chilling force Pushkin invoked in his story "The Captain's Daughter" — "a Russian revolt, senseless and merciless." There were times on Sunday when the victory of the mob seemed, if not likely, at least possible. Mr. Rutskoi had at his side military leaders who helped coordinate the coup in August 1991. Until a tense meeting of generals Sunday night, no one knew whether the army — in Moscow and beyond — would remain united in its support of Mr. Yeltsin or answer Mr. Rutskoi's call to rebellion. If Mr. Yeltsin can be believed, rogue elements had defied him earlier and fought necessary border wars in Georgia and Moldova. The option of waiting out the crisis had been lost. In victory, he is not without sin. His original decree was questionable. His decision to control both major television channels reeks of Bolshevik habit. He certainly should have had a stronger force on the streets in anticipation of just such rioting. Still, we cannot lose sight of the obstacles to Mr. Yeltsin and democratic reform. Communism as a ruling ideology may be dead in Russia, but its last generation of servants is everywhere: in regional governments, the military and the secret police. Many of the cleverest legions of the old party nomenklatura were quick to trade a dried-up trough of privileges for a new one, and set up (often with party funds) banks and, to be polite, trading concerns. The less clever remain in politics. To complicate matters further, many regional leaders routinely refer to send money into the federal treasury and threaten secession. In the gap between the fall of the centralized economy and the distant rise of a working market, there is fiscal chaos. In addition, the army's loyalty could yet prove fickle. Russia is a fragile state. We may yearn in the West, as many Russians do, for the moral direction of an Andrei Sakharov or a Vaclav Havel. What we have is Boris Yeltsin. Until a new generation of politicians emerges, he requires general support and a critical eye. If he is as good as his word — if there are free elections and the rapid re-establishment of press and civil liberties — he still has a chance to avoid turning a tragic victory into a Pyrrhic one. Mr. Remnick, author of "Lenin's Tomb," a staff writer for The New Yorker and a visiting fellow at the Council on Foreign Relations, contributed this column to The New York Times.



Where Russia Belongs Is Still an Open Question

By William Pfaff

PARIS — The Scottish essayist Thomas Carlyle wrote, in April 1855, to the romantic Russian revolutionary Alexander Herzen: "I have never had... the least hope in 'Universal Suffrage' under any of its modifications; and if it were not that in certain deadly maladies of the body politic, a burning crisis may be considered as beneficent, I should prefer the attempted coup has made more visible the political alienation of a very considerable part of the Russian people. Tzarism itself... to the sheer Anarchy (as I reckon it sadly to be) which is got by 'Parliamentary Eloquence.' Press, and counting of heads... 'I have always respected the country' as a huge dark 'Birth of Providence,' the meanings of which are not yet known — there is evident, down to this time, one talent in which it has far beyond any other Nation:... Read in October 1993, this may be seen on the one hand as romantic-historical tosh, and on the other as a prescient admonition. The history of Russia until now has been marked by obedience, a terrible and dumb popular obedience, motivated by a conviction that some dark Providence would justify it. How else do you explain Leninism and Stalinism? Russia's past revolutionaries, from Herzen until Lenin, conducted futile plots from exile. It was the shock of the world war that created the conditions in which the Bolshevik revolution could succeed — and it was not really a revolution, only a coup d'état that the Krensky government was incompetent to put down. The singular thing about the Sta-

linism that followed is that the worse it became, the less it was resisted. There was an all-pervasive secret police presence, certainly. But a revolutionary option always existed. Other leaders, the generals, rational figures in the police and party, did not have to take all that was done to them. Yet there was obedience. There was something uncanny in the willingness of the historical leaders of Bolshevism to sacrifice themselves when Stalin demanded it. Despite being imprisoned and tortured in the purges, which they recognized as sordid power struggles, they proved willing to accuse themselves of absurd and untrue crimes, in obedience to what they conceived as the higher interests of the party, of mankind and of Russia. (Arthur Koestler accurately described this in his "Darkness at Noon.") Reflections of this kind may seem remote from what has gone on in Moscow during the last few days, but they seem to me a useful corrective, or at least a necessary supplement, to the conventional analysis. The conventional account says that Boris Yeltsin, a democrat, liberal and advocate of free markets, having survived a hostile parliament elected under an undemocratic constitution, obtained the support of the army to crush what had become a parliamentary coup d'état. Western governments gave him their support (even if it was originally conditioned upon his avoidance of violence), and now that he has won, he deserves the West's confidence that Russia will resume its march toward becoming like us. I have always thought it most unlikely that Russia will become like us. Russia is one of the great historical nations of Europe, and of the Asian landmass as well, neither fully in or out of Europe, tormented by that fact. Its history since the time of Peter the Great has had one dominating theme: that of the choice between ac-

commodating the West or rejecting it. Today it may be that communications, the integral world economy, the dangers of nuclear proliferation, etc., make accommodation inevitable. But this is practical necessity, not spiritual necessity, and the Russians still are a people for whom spiritual issues are real. At least that has always been Alexander Solzhenitsyn's message. The practical consequences of the events of recent days are very important, certainly. Mr. Yeltsin and his colleagues are in control. Their domination of the regions is, however, incomplete. The army, principal custodian of Russian nationalism, wounded by its sense of Russia's present humiliation, deprived of its former social status and reduced in its material advantages, has had to save Mr. Yeltsin. The attempted coup has made more visible than ever the political alienation of a very considerable part of the Russian people, victims of an economic revolution conducted according to the instructions of Western-dominated international financial institutions, according to doctrines developed to fit advanced Western economies. The result thus far, for most ordinary people in Russia, has been lowered living standards and the emergence of new economic sectors open to exploitation by profiteers and criminals. The apathy shown by Moscow's population toward both camps in last weekend's struggle was very significant. Mr. Yeltsin today is repeatedly assured of support by the United States government, the European Community, the European governments. This would seem to me a poisoned gift. It is not to Mr. Yeltsin's political advantage to be known as the agent of Western values or interests. The crisis which he must deal only subconsciously concerns the issues that interest the West: elections, the attempt to install market

economics, the survival of a free press. The real question before him is the historical question that history still has not answered: Where does Russia belong? To the liberal West (which Mr. Solzhenitsyn condemns as morally bankrupt)? To itself? But what would that mean? The Slavophiles could answer in the 19th century that Russia was unique and superior to the West; but that was when the Orthodox Church was intact and powerful, and the old peasant communal institutions and popular assemblies survived. Today's Russia can't go back to that. But, where, then? This is an issue whose resolution cannot be found in a coup or even an election, but it is the crucial one. International Herald Tribune. © Los Angeles Times Syndicate.

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Handwritten text in Arabic script: 'صلى الله عليه وسلم' (Peace be upon him).



OPINION

# Talk of Moral Sense in a World Gone Mad

By E. J. Dionne Jr.

WASHINGTON — While Washington, the capital, was obsessed with the health care issue and Hillary Rodham Clinton's five-star performance before Congress, Washington, the ordinary city where people live, was obsessed with a wave of murders, and in particular the shooting death of a 4-year-old girl named Launice Smith. She was hit by bullets as she watched a pickup football game.

The two worlds did meet, very briefly. Mrs. Clinton, "speaking personally" in response to a question, told the Senate Finance Committee that she would support a 25 percent tax on guns and ammunition to provide money for health care reform. "I just don't know what else we're going to do to get a handle on violence," she said.

It was an important moment, and not just because the gun tax is a good idea. For that brief juncture, two different issues came together to remind Americans that we know a whole lot more about some problems than about others.

In the case of health care and other public goods, we at least know how to argue. Mrs. Clinton and her husband may have huge fights in the coming months with the likes of Phil Gramm and Dick Cheney. But all sides agree on so many basic issues that we don't even think about them.

Politicians in this case are not arguing about the nature of disease or about what causes, say, pneumonia or heart trouble. They are arguing about who should pay for whom, how markets work, how health costs should be apportioned among individuals, employers, insurers and the government.

The crime issue is different. While we have clear ideas about how to stop germs, viruses and cancers that kill human beings, we

are nowhere near as clear about how to stop human beings from killing human beings.

But argue we must, so we fight about technical details or ideological predispositions; it is easy to debate how many prison cells to build or what styles of policing are better. Often, the argument is not even that specific or civilized. One set-piece battle is over whether we should focus on the "underlying causes" of crime (poverty, racism, lack of opportunity) or on punishing wrongdoers first and asking sociological questions later.

We also fight about whether those underlying causes are primarily economic, the solution being jobs and more income for the poor, or social, having to do with absent fathers and teenage mothers. These arguments usually get us nowhere, because those who get dug in hard on one side or the other end up defying common sense.

Occasionally, a politician will have the courage to try to cut through the fog. The mayor of Baltimore, Kurt Schmoke, has the guts to suggest that the obscene street violence created by current drug policies shows how bankrupt they are. He says we should "medicalize" the drug problem — that is, provide both drugs and drug treatment to addicts to take the profit out of the drug trade and remove the current incentives for street crime. He also suggests that we test the limits of the Second Amendment's protections for "the right of the people to keep and bear arms."

I have been wary of legalization but am starting to wonder how we can defend our current approach to the parents of children who get killed in the cross fire. And Mr. Schmoke is entirely right about the

Second Amendment, which explicitly refers to a right to bear arms in the context of protecting "a well-regulated militia." What is happening on America's streets is anything but well regulated.

The heart of the problem, and the reason politicians have so much trouble addressing it, is that governments are hard-pressed to affect what the political scientist James Q. Wilson calls "the moral sense" in a new book bearing that title.

A good society, especially a free society, depends a great deal on the moral sense of individuals, which Mr. Wilson defines as "an intuitive or directly felt belief about how one ought to act when one is free to act voluntarily."

He offers the controversial view that the moral sense is part of a universal human nature and is not simply the result of cultural conditioning. But while all have a moral sense, "it is not always and in every aspect of life strong enough to withstand a pervasive and sustained attack."

The moral sense, he says, is nurtured in families and can be encouraged by societies that promote both a strong sense of individual responsibility and the sentiments of fairness, self-control, duty and "sympathy," which he defines as "the human capacity for being af-

fect by the feelings and experiences of others."

Mr. Wilson's book is a good tonic for liberals, who are right about social justice and racial equality but sometimes get uneasy when the talk turns to individual (as against social) morality. His point is that "the public interest depends on private virtue."

The book is also a good tonic for those conservatives who think that more force is all that is needed. As Mr. Wilson (himself a conservative) writes, "the citizen who obeys the law or observes a contract does so in part out of a sense of duty, a sense that cannot be created simply by a show of force."

Government can create conditions in which the moral sense has a better chance of expressing itself. Social justice and more police both matter. But protecting and nurturing the moral sense — and insisting that everyone, regardless of circumstances, has an obligation to follow it — is the job of a whole society. There can be no excuses, no "understanding" for those whose bullets kill a 4-year-old.

Yet we Americans have to ask as a society: What are we doing that has so dulled the moral sense of so many that killing kids has become routine? My guess is that neither liberals nor conservatives should be entirely happy with the answer.

The Washington Post.

# How Many Ways Can the Story Be Told?

By Cindy Loose

WASHINGTON — A young mother sat in a rocking chair cradling the dead toddler whose brain had been invaded by a stray bullet. She did not cry, but looked down with a gentle, loving expression. The respirator had been turned off moments before.

One by one, those who had loved 4-year-old Launice Smith took turns saying goodbye in that

rocking chair in the intensive-care unit where she had lain in a coma for five days. It is the kind of moment reporters try to capture, then later have to live with. We do it to make a living, but also with the vague hope that it will somehow make a difference. It isn't working.

I first wrote about such things in Detroit eight years ago. I really believed then that my words would anger or sicken my fellow citizens and elected officials into making changes. But today I see the same expression on the faces of the same kind of people who have seen the same kinds of things. It is a placid look, controlled, normal — except for the eyes.

The look was on the face of Launice's mother when she pulled away a loose cloth expect-

ing to see bandages on her baby's head and instead saw the gaping wound doctors had decided was best left uncovered.

The first time I saw that look, it was etched on the face of a 6-year-old girl who had been sitting next to her cousin at a birthday party when drug dealers mistook her house for a rival's and sprayed it with bullets.

The little girl was grazed. Her cousin's head was blown away. Pieces of it landed in her lap.

The last time I saw her, a month after the shooting, she still had not spoken a word.

How many more ways can this story be told? Why do we seem so unable to take the measures that seem so urgently needed?

The mayor and other Washington officials have called again for more police. Few people think there are too many. But how many times do we want police to arrest and rearrest the people who terrorize the city?

The man suspected in the death of Launice Smith and Kevin Brown had been arrested in 1990 and again in 1991 on charges serious enough to have kept him in jail for years. But last year he walked away from a

work-release program. A bench warrant was issued, but apparently no one bothered to pick him up.

Many have despaired of the problem's ever being fixed. But there is hope. Consider Angelia Smith, 21, Launice's mother. This black woman, living in one of the worst projects in a city known for its awful murder rate, carried herself with noble composure.

Since Angelia Smith's mother died, she had been raising her three half-siblings along with her daughter, in a bare one-bedroom apartment. After Launice died, the city gave the family blankets and food vouchers and talked of getting them a bigger apartment. Workers fixed a broken window.

Meanwhile, politicians bicker when they think about the problem at all. Some emphasize law and order and demand personal responsibility. Others focus on the ravages of poverty. They act as if the two philosophies were mutually exclusive, with no understanding that there are good people who need help and bad people who need punishment.

No one exists in a world of perfect justice. But those of us outside the inner city generally



"I think we've got to rewrite that Second Amendment!"

## LETTERS TO THE EDITOR

**Singapore Telecom**

Regarding "Going Global at Singapore Telecom" (Business/Finance Oct. 1):

The article states that "the company hopes the latest offering will raise in roughly 3 billion Singapore dollars to help bankroll its global aspirations." In reality, the Singapore Telecom shares being sold are vendor shares, not new shares. All the proceeds will go to the vendor (Temasek Holdings, which is owned by the government), not to ST. ST's investment plans, local and overseas, do not depend on these proceeds.

You also reported that "Singaporeans have been bombarded by a government-orchestrated media campaign designed to generate interest in the offering." Publicity for the ST flotation is smaller in proportion to the size of the issue than similar programs in privatizations elsewhere, such as British Telecom.

To promote widespread share ownership, the Singapore government is offering ST shares at a 45 percent discount to its citizens, many of whom have never bought shares. It wants to teach them basic facts about investing.

SEAH HIANG HONG,  
Finance Ministry,  
Singapore.

porting 7,000 Jews to Sweden to escape the Nazis, but I do not understand how the writer can suggest that the Dutch could have accomplished such a feat. Transporting 120,000 Jews, not across a narrow strait but hundreds of miles to the nearest neutral country — Sweden or Portugal — would have been impossible. Please, give the Dutch some credit for helping 20,000 Jews survive.

ELIZABETH WILEY,  
The Hague.

E. Frowin is quite correct in claiming that the record of Denmark remains second to none in the wartime rescue of Jews.

The writer compares Denmark to the Netherlands to the detriment of the latter. May I point out that the 20,000 Jews who went into hiding were dependent on non-Jews who risked their lives. Anne Frank and her family were among those protected.

A national organization supported the "hidder," more than half of whom fell into Nazi hands, mostly by betrayal. Many of the non-Jewish protectors were sent to concentration camps and killed.

SIR SIGMUND STERNBERG,  
London.

**Unwelcome Boarders**

Regarding "North Korea in the Dock" (Opinion, Sept. 28):

This editorial, which refers to the U.S. embarrassment upon discovering that an Iranian-bound Chinese freighter carried U.S. assertions of mass destruction, U.S. assertions to the contrary notwithstanding, suggests that the North Koreans submit to similar inspections; if found innocent, it says, they too could "get ready to laugh."

One wonders if the U.S. Navy would display an equal degree of good humor if American vessels in the Gulf and on the high seas were required to accommodate boarding parties under the command of other nations.

KI WMARS BOZORGMLHR,  
London.

**China's Territories**

Regarding "Taiwan Was Temporarily Part of China, but That Was Long Ago" (Opinion, Sept. 21) by Maysing Yang and Phyllis Hwang:

I agree that Taiwan is not part of China, historically, administratively or economically. I also consider that Manchuria, Inner Mongolia and Tibet are not part of China. These territories are held against their peoples' choice.

It is also contrary to the will of Hong Kong's inhabitants to retrocede that territory to China. China has done nothing for Hong Kong, whose people enjoyed far greater freedom and prosperity under colonial rule than they will ever know under the yoke of a so-called democratic republic.

Hong Kong should continue under British rule, or become an independent country.

R. A. OHL,  
Bazainville, France.

**The Fate of Dutch Jews**

Regarding "Dutch and Dutch Jews" (Letters, Oct. 1) from E. Frowin:

I live in the Netherlands and enjoy the country and the people, but one Dutch trait I find most unfortunate is that the Dutch so often denigrate themselves.

I agree with E. Frowin that Denmark did a great deal in trans-

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### EUROPEAN TOPICS

#### Needed in France:

##### Imams and Priests

The changing face of religion in France has posed some political and practical problems of late.

Islam is now the second-largest religion in the country, after Roman Catholicism, and French governments have not always been at ease with that fact. The last Socialist government, worried in part about rising fundamentalism, prohibited foreign imams from entering the country during Ramadan, the month of fasting, though the 1,000 French imams were overworked.

But now some French solutions have been found. An Islamic Institute was established last year near Château-Chinon, in the Burgundy region; later this week an Islamic university will open its doors in Mantes-la-Jolie, near Paris.

And this Monday, when the Paris Mosque inaugurated its Institute for Advanced Studies with a class of 40 future imams, those in attendance included two representatives of the rightist government. Interior Minister Charles Pasqua and Culture Minister Jacques Toubon.

The decline in the ranks of Catholic parish priests, mean-

while, has left the 25,000 who remain increasingly stretched, a Paris daily, *Le Figaro*, reports.

Amid this priestly scarcity, France's leading undertaking firm, the Pompes Funèbres Générales, has announced a new service: a "funeral tribute." This secular ceremony, available for 600 francs (\$105), includes the reading of a poem (the selection offered is heavy on Victor Hugo) and the playing of a record (choices range from Gregorian chants to "Autumn Leaves"). The company controls about one-third of the burial market.

#### Around Europe

Last year, when a powerful storm struck the beach at Lelys, on the Dutch inner sea, the sand was driven into neighboring ports. In an effort to keep the beach in place, a covering of potato starch has now been applied. The city hopes that the industrial-quality starch will bond the top layer of sand through fall and spring storms.

Britain's leading vineyard is for sale. Lamberhurst is three-time winner of the Goro-Brown trophy for the best British wine. Its vines, transplanted from the Rhine Valley in the 1970s, prospered in the relatively sunny fields of Kent. Now, with the owner set to retire, the agency handling the sale says that Australian, New Zealand and South African producers — "even a

Frenchman" — have shown an interest.

Disappearing gap: In 1750, upper-class recruits for officer training in England were 7.5 inches (20 centimeters) taller than the more humble recruits to the Marine Society, which sees to the welfare of sailors, reports *The Times* of London. As recently as 1950, there was a 3-inch gap between adults of the upper and lower classes. Improved health care and nutrition have since narrowed this to an insignificant quarter of an inch. With studies showing that taller people tend to get better jobs, at higher salaries, this great leveling may have a double impact.

After spending huge sums on an ambitious refurbishing of the Champs-Élysées, Paris officials are tearing their hair out over a small but sticky problem: chewing gum. One city environmental official said dirty gum on the new granite sidewalk slabs produced a "shocking" effect. Various cleaning techniques have been tried — a team of experts was even sent to Disney World in Florida to study its approach — but with little luck. Most chemical and abrasive techniques damage the stone. One that does not — blasting the recalcitrant gum with a stream of tiny ice balls — requires unwieldy and expensive equipment. The problem remains under study.

Brian Knowlton

## 2 Leading Catholics Give Ulster Peace a Chance

By James F. Clarity

New York Times Service

DUBLIN — A new initiative from the two most influential Roman Catholic leaders in Northern Ireland has led to a feeling of optimism about fresh negotiations to end the sectarian violence that has killed more than 3,000 people in the last 25 years.

Less than two weeks after the initiative was announced, political leaders, diplomats and academic analysts agree that for the first time since the early 1970s talks seem possible between the Irish and British governments and the outlawed Irish Republican Army, through its political wing, Sinn Féin.

The violence between the Protestant majority and the Roman Catholic minority of Northern Ireland has pitted the Irish Republican Army against British security forces, including 11,000 regular army troops. The violence grew from an event 25 years ago, a Catholic civil-rights demonstration in Londonderry on Oct. 5, 1968.

The new feeling of hope was born almost two weeks ago when the two Catholic leaders, John Hume and Gerry Adams, who are normally political enemies, said they had come to an agreement on a new "peace process" after five months of private discussions.

Mr. Adams is president of Sinn Féin and refuses to renounce IRA violence. Mr. Hume is the head of the Social Democratic Labor Party and condemns the violence. Nevertheless, the two men, although declining to discuss details, said they had made "considerable progress."

"This may be the most important political initiative since Northern Ireland was established in 1920," said Paul Arthur, a politics professor at Ulster University in Belfast. "It is the first initiative that tries to bring all the players into play."

Sinn Féin is excluded from the official peace talks because of its refusal to denounce the IRA.

Mr. Hume was expected to meet Prime Minister Albert Reynolds of Ireland in Dublin on Wednesday or Thursday to give details of the initiative. Mr. Reynolds said on television Tuesday night that he was "very interested" to hear Mr. Hume's report on the initiative. "There has to be a cessation of violence," he said. "When we're satisfied that it has taken place, there will be a seat at the table for Sinn Féin."

He added, however, what he called "a note of warning" that there would not be a peace agreement "instantly or on short notice" and that "if we're to make progress it's going to

have to be made behind the scenes between the two governments."

The issues that Mr. Hume and Mr. Adams agreed to advance for negotiations with the British and Irish governments are widely assumed to involve the possibility of a cessation of IRA violence in return for some kind of assurance that Britain would discuss gradual troop withdrawal.

Also, it was believed there would be a proposal that Britain definitively renounce any economic or strategic interest in the province and permit Northern Ireland to leave the United Kingdom if a majority of voters wished.

These proposals are central to the IRA-Sinn Féin desire for an end to British sovereignty in the north, a wish to place the province's 950,000 Protestants and 650,000 Catholics in some kind of political union with the Irish Republic, the overwhelming majority of whose 3.5 million people are Catholic.

Protestant leaders in Northern Ireland abhor such a prospect and have attacked the Hume-Adams initiative. But Mr. Hume and Mr. Adams also said they were trying to assure the Protestant majority that it had nothing to fear.

In a statement, the two Catholic leaders said that the process they envisioned would "obviously also be designed to ensure that any new agreement that might emerge respects the diversity of our different traditions and earns their allegiance and agreement."

Many experts said they believed that the initiative would allow the inclusion of Sinn Féin in negotiations with officials of Ireland, Britain and the other Northern Irish political parties.

The new process could founder, experts say, if the British government of Prime Minister John Major felt that by making contact with Sinn Féin it would be vulnerable to charges of appeasing terrorists.

The IRA, which exploded a huge bomb in London's financial district last spring, has warned international banks and companies that it will continue such attacks. In a statement Sunday it said it welcomed the Hume-Adams initiative. But it continued its bombing campaign in the last week, both in Northern Ireland and in London.

Experts on all sides say that if Britain is to respond to the initiative, there will first have to be several weeks, possibly months, of an IRA letup.

## Bonn Dismisses 2 Officials in AIDS Scandal

BONN — Two top German health officials were dismissed on Wednesday for failing to pass on reports about AIDS victims who might have caught the HIV virus from contaminated blood.

Haemophilic groups say more than 400 hemophiliacs have died of AIDS because the government did not act fast enough before 1985 to screen blood for HIV. At least 1,500 of Germany's 6,000 hemophiliacs are infected with HIV.

Health Minister Horst Seehofer said he had found that the Berlin-based Federal Health Agency received 373 reports of patients with AIDS who might have become infected from blood transfusions, but did not pass them to the ministry.



A Bosnian Muslim soldier riding alongside a companion who was forced by fighting to flee her home Wednesday in the Kakanj area.

## 150,000 Skirt Famine In Central Bosnia Siege

By John F. Burns

New York Times Service

SARAJEVO, Bosnia-Herzegovina — United Nations officials say that 150,000 people trapped by a little-noticed Bosnian Serbian siege are facing increasingly desperate conditions because Serbian forces have refused to allow any UN relief convoys to the area in more than four months.

The officials said reports from UN field officers in central Bosnia and accounts relayed by amateur radio operators inside the besieged pocket indicated that the only thing preventing widespread deaths from starvation in the region around the towns of Maglaj and Tesanj was nightly airdrops of food by U.S. military aircraft.

The aircraft have been dropping up to 150 tons of food and medical supplies a week.

A spokesman for the UN High Commissioner for Refugees, Ray Wilkinson, said that one amateur radio report monitored by the agency in recent days had spoken of "people literally starving" because of the Serbian encirclement. Amateur radio links have often served as the main or only source of

information about conditions in regions besieged by Bosnian Serbian forces, but their accounts of deprivation have occasionally been exaggerated.

The Serbian siege of Maglaj and Tesanj began almost at the same time as the siege of Sarajevo on April 5, 1992.

But the situation facing the inhabitants of the area, who are mostly Muslims but include a 30 percent minority of Croats, deteriorated suddenly this spring when a Serbian force cut Bosnian supply lines across the mountainous region that had sustained the towns.

According to the Bosnian government, it has been unable to reach the area since then, and efforts by the United Nations to cross the siege lines with convoys of supplies have also been blocked by Serbian commanders.

UN officials say their reports indicate the two towns have come under heavy shelling, even when Serbian forces have been observing cease-fires in most of the rest of Bosnia. The officials say up to 400 civilians have been killed in the area, and 1,500 wounded since June.

## Doubts Persist in Haiti After Mayor's Close Call

By Howard W. French

New York Times Service

PORT-AU-PRINCE, Haiti — In the latest blow to efforts to make a peaceful transition to democracy, about 30 heavily armed civilians hunting for the mayor of the capital broke up a political meeting at a hotel with bursts of automatic weapons fire.

Moments before the attack on Tuesday, the mayor, Evans Paul, who has been the target of repeated threats from police auxiliaries and others opposed to democracy, was driven away from the hotel where the meeting was held in an unmarked vehicle.

Because United Nations observers and journalists were chased away in the fusillade, it was unclear if anyone was wounded in the attack.

"I don't think the international community has the means to provide security here," said Mr. Paul in an interview afterward. "When these people say they are going to attack you, that is exactly what they do."

The incident came on a day when Robert Malval, Haiti's transitional prime minister, led his government in taking control of state television and radio stations. They had been harshly critical of plans to restore democracy and return the Reverend Jean-Bertrand Aristide to the presidency.

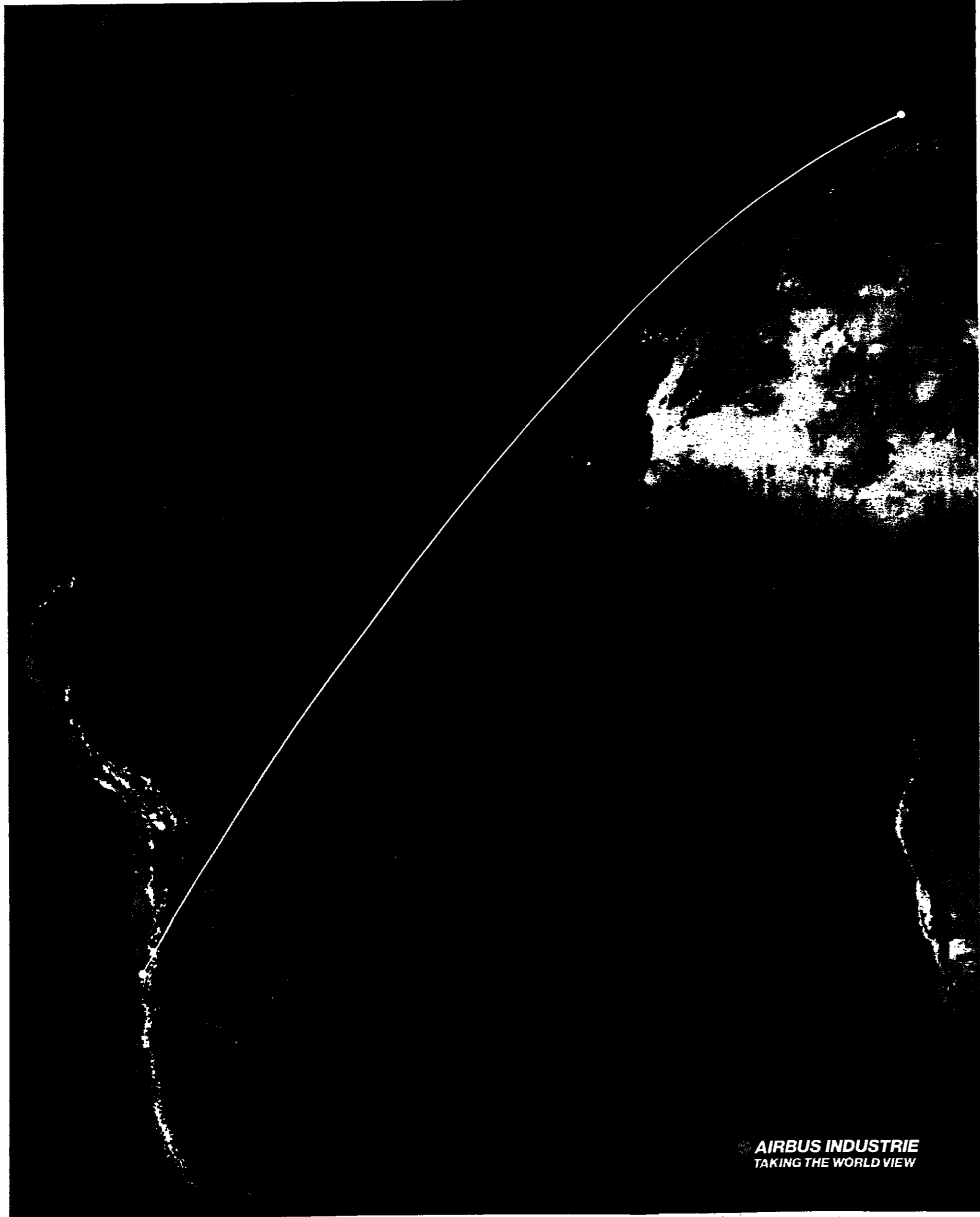
The stations were occupied by armed police auxiliaries who, until Tuesday, prevented Information Ministry officials from taking control. Diplomats say the auxiliaries are responsible for violence in recent weeks aimed at demoralizing Father Aristide's return on Oct. 30.

Their presence has kept much of the rest of Mr. Malval's government operating largely out of its members' houses.

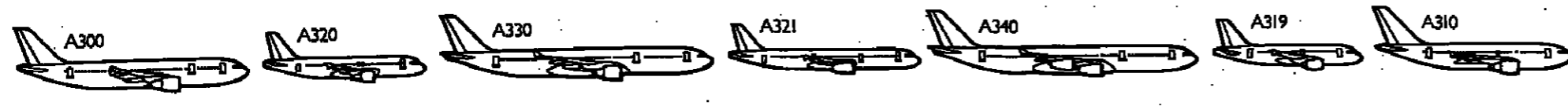
Diplomats who say that they remain confident that Father Aristide's return will occur as scheduled said that they placed great hope in the arrival on Wednesday of about 30 members of the U.S. military, who are an advance team for about 600 American troops expected here within days.

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# Governing Majority Doubtful As Pakistanis Shun the Polls

**By Molly Moore**  
*Washington Post Service*

**ISLAMABAD, Pakistan** — Three years after she was removed as prime minister on charges of corruption, Benazir Bhutto was trying to stage a comeback in elections Wednesday against a long-time foe, Nawaz Sharif, in what observers expected to be an extremely close outcome.

Poll-takers and political analysts gave Miss Bhutto's Pakistan People's Party a slight edge over Mr. Sharif's Pakistan Muslim League in the contest for 211 seats in the National Assembly.

They said that the winning party was likely to prevail by such a close margin that it would be difficult to form a governing majority in parliament.

The campaign came during one of the most extraordinary years of political upheaval in Pakistan's 46-year history, a year in which the country turned to democracy rather than martial law, and the political system rather than violence, to face its political crises.

For the first time in Pakistani history, the army dispatched large numbers of troops — up to 100,000 — to polling stations around the country for the elections, not to undermine the political process, but to ensure what government of

officials termed "free and fair elections."

Yet a poll taken by the country's leading newsmagazine two weeks ago found that 85 percent of those surveyed would prefer the interim prime minister and former World Bank official Moeen Qureshi, 63, to either Miss Bhutto or Mr. Sharif.

Voter turnout was reported to be only 30 to 40 percent, reflecting hesitation toward both candidates.

Miss Bhutto, 40, a well-spoken graduate of Harvard and Oxford universities, found favor in the West during her first term in office in the late 1980s, but she was far from popular among her own people. In the 20 months before political rivals and the Pakistani Army combined to expel her from office, her administration had not won approval of a single piece of major legislation.

Mr. Sharif, a multimillionaire industrialist, was given credit for enacting economic reforms during his term. Nevertheless, he left the country virtually bankrupt when he stepped down under pressure in July, and his cabinet was described by one Pakistan news publication as full of "rogues and rascals."

While political leaders described the election on Wednesday as the fairest ever held in Pakistan, the country's 52 million eligible voters were decidedly uninspired. The

government even took its national television stations off the air all day in hopes of getting more voters to the polls, according to a senior government official.

After Miss Bhutto was removed as prime minister in 1990 on charges of corruption and malfeasance, she lost to Mr. Sharif in the 1990 elections. She became the chief leader of the opposition and helped to orchestrate some of the politics behind his resignation this summer.

Mr. Sharif told cheering supporters in his power base of Lahore on Wednesday that he was leading in 48 seats for the 217-seat National Assembly in early counting and there was a close contest in three others.

"Your hard work has been rewarded," he said.

Miss Bhutto's Pakistan People's Party said it was ahead in many seats in its power base in the south, including Karachi, where a boycott by an ethnically based party kept most voters away from the polls.

Miss Bhutto said she was "calmly hopeful of sweeping the polls" as she cast her vote in a women-only voting station in her ancestral village of Larkana in the southern province of Sindh.

The Central Election Commission announced the first official result of the election, a victory for an independent from one of the semi-autonomous tribal areas.



Miss Bhutto being fingerprinted before voting in her ancestral village of Larkana on Wednesday.

# Cuban Exiles Rush To Assist Homeland

**By Larry Rohter**  
*New York Times Service*

**MIAMI** — As Cuba's economic and political crisis deepens, exiles here are reaching out to their kin on the island as never before by sending aid, exchanging visits and seeking their advice on how to topple Fidel Castro.

The monolithic core that once dominated exile politics is splintering, and moderates are emerging as a vital new force among Cuban-Americans. Convinced that Mr. Castro's fall is imminent, exiles in Miami have plunged into an impassioned debate over how to bring down his 34-year-old dictatorship without inflicting further hardship on Cuba's 11 million people.

In place of a single organization, one that claimed to speak for all 1.2 million Cuban-Americans and preached unrelenting hostility toward Cuba's Communist government, new groups now openly urge negotiations.

Thousands of exiles, responding to the pleas of family members still in Cuba, have defied calls to starve the island into submission and are sending money and supplies through the scores of shipping agencies that have sprung up here.

Still others have responded to Mr. Castro's recent invitation to exiles, whom he once spurned as "worms" and "scum," and are visiting their families in Cuba. New flights making the Miami-Havana

run are booked weeks in advance, and relatives of top Cuban officials have also come to seek out moderates in Miami to discuss ways the two groups can cooperate.

This war of words and ideas is being closely monitored by policymakers in Havana and Washington. American officials say more flexibility on the part of Miami exiles would make it easier to deal with the crisis in Cuba, and the Cuban government increasingly regards the prosperous exile community here as a source of financial and material support.

Although both governments deny anything has changed in a hostile relationship that is one of the last acts of Cold War drama, exile groups of every ideological stripe say the momentum for a transformation is building.

Last week, the U.S. government announced that Cuba had agreed to accept the forced repatriation of up to 1,500 Cuban prisoners being held in federal prisons, an action held in federal prisons, an action handed over to the Drug Enforcement Administration a pair of cocaine traffickers who had eluded U.S. helicopters.

Since the Soviet Union disintegrated, Mr. Castro has been forced to do without billions of dollars in subsidies. As a result, food and fuel are increasingly scarce, the population now spends much of its time foraging for supplies.

## PACIFIC: How Will Paris React?

Continued from Page 1

on Tuesday to make preparations for a possible resumption of American tests. But like France, he stopped short of ordering renewed testing.

Before President Francois Mitterrand of France halted nuclear testing in French Polynesia in April 1992, the tests were a major source of friction in relations between France and virtually all independent nations in the region.

Western diplomats said that because of China's test, France was now facing greater pressure from its military commanders.

The commanders reportedly argue that France needs a limited test program both to check that aging warheads function properly after maintenance and to test a new generation of weapons for French submarine-launched missiles.

**Mitterrand Sets Conditions**

President Francois Mitterrand of France said Wednesday that he

did not favor resuming French nuclear weapons tests for the time being, Reuters reported from Paris.

"Of course, if countries other than China were to take the initiative, France would be forced to continue its own tests to ensure what is called the 'threshold of sufficiency,'" Mr. Mitterrand said in an interview with the Austrian broadcasting company ORF and the Austrian newspapers Der Standard and Kurier. "But it will not give the signal itself."

A text of the interview was released after Mr. Mitterrand and Prime Minister Edouard Balladur said in a joint statement that a "new situation" and that France would consult the other nuclear powers.

In the interview, Mr. Mitterrand said: "I think we have to keep our cool. I am not in favor in the present situation, with the information at my disposal, of resuming nuclear tests."

## MIDEAST: Rabin-Arafat Talks

Continued from Page 1

and positive. I believe it's a very good beginning."

Mr. Arafat said at his separate news conference, "I would like to inform you that this was a very important meeting, especially since it came directly after the signing of the declaration of principles."

The meeting was held in a "positive atmosphere, and we discussed many important issues," Mr. Arafat said, adding, "We will continue in this line to see how to implement smoothly what has been written in the papers, on the ground."

Separately, Mr. Arafat and Mr. Rabin announced that a ministerial level "liaison committee" would begin meeting in Cairo on Oct. 13. An Israeli source said he anticipated that this committee would be headed by Foreign Minister Shimon Peres and by the PLO's equivalent, Mr. Rabin called this "the guiding committee of all the activities."

On the same day, a second joint committee of experts will meet in the Egyptian Red Sea town of Taba to negotiate details surrounding the limited transfer of administrative powers to Palestinians and Israeli troop withdrawals under the so-called Gaza-Jericho plan — the first stage under the Declaration of Principles.

This committee will focus on Israeli troop withdrawal from the two areas, troop redeployments elsewhere in the territories, security arrangements and economic aspects of the transition, Mr. Ben Ari said.

In addition, the Israeli and Palestinian delegations that have been meeting for almost two years in Washington will continue their talks there, Mr. Rabin and Mr. Arafat said.

Finally, the two sides agreed to set up a fourth Israeli-Palestinian

committee for economic issues. That group's composition and agenda will be decided by the liaison committee that convenes here next week, Mr. Rabin said.

Both sides were also eager to discuss the continuing violence in the Israeli-occupied territories. But neither side disclosed what, if anything, had been agreed on.

The PLO chairman has asserted that an Israeli military crackdown on Palestinians accused of crimes that began last week violates the Sept. 13 agreement. And the Israelis are upset about continued anti-Israeli violence by Palestinian activists, mostly by members of the PLO's rival organization, Hamas.

"I believe that one of the topics that will be discussed is the question of the need of the PLO to live up to its commitments not to allow other Palestinian factions to try to derail the peace agreement" and "torpedo" it, Mr. Ben Ari told reporters.

"Of course it's Israel's responsibility to maintain peace and order in the territories for the duration of the self-government," he said.

And although the PLO is not responsible for Hamas attacks, he said, "they would have to make sure to restrain the Hamas as much as possible."

Mr. Arafat said: "I had raised this question of violence because I am responsible for all the Palestinians, whether they are from PLO's Fatah group, or from Hamas or from the Popular Front. I heard from Mr. Rabin his point of view, and we agreed for this to be on our agenda on the next committee meetings."

Mr. Arafat also said the issue of Palestinian prisoners held by Israelis had been raised by his delegation.

## THATCHER: Major Can't Hide

Continued from Page 1

rencies. In a nonideological atmosphere, the party is split and drifting, critics say.

It is an open secret that Lady Thatcher, who is now in the House of Lords, has long been a sharp thorn in the side of Mr. Major. Still the spiritual leader of the right wing of the party, she has been outspoken against the government for not doing enough to stop the bloodshed in Bosnia and for persisting in moving toward closer union with Europe.

Apparently at the behest of party figures such as the chairman, Norman Fowler, Lady Thatcher was poised to throw Mr. Major a life-line. In an interview early this week she suggested changing party rules to make it more difficult to dump the leader, who serves as prime minister.

"Being prime minister is something much bigger than being the leader of a party," she said. "It's being prime minister of a nation."

Various party stalwarts then weighed in, telling all would-be critics that this was not the time for "sniping" at Mr. Major. The line

seemed to be that he should be given another year or so to see if he could get a handle on things.

One factor in Mr. Major's favor is that so far there is no other candidate for his job who is looked on kindly by the party's right wing, Chancellor Kenneth Clarke, whose stature is growing elsewhere, is regarded suspiciously by the Thatcherites as too pro-European and left-leaning.

Now, with the tabloid disclosures, the tables have shifted against Mr. Major again. The talk at the Winter Gardens, where the conference is held, is all about Lady Thatcher. Late Tuesday night, after hours of phone calls among party leaders, she issued a statement supporting Mr. Major, but some commentators judged it to be lukewarm.

And now she has promised to help the party out of its financial hole by making fund-raising lectures next year, a prospect that must fill Mr. Major with dread.

As she said at a party meeting in the East End of London two weeks ago, "Granny will always be there to advise."

# OIL & MONEY SHIFTING FORTUNES

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Herman T. Franssen ECONOMIC ADVISOR OF H.E. THE MINISTER OF PETROLEUM AND MINERALS, THE SULTANATE OF OMAN

Robert W. Esser SENIOR CONSULTANT, CAMBRIDGE ENERGY RESEARCH ASSOCIATES INC., CAMBRIDGE, MASSACHUSETTS

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**THE FUTURE OF OPEC**  
Nordine Air-Laoussine PRESIDENT, NALCO SA, GENEVA

**MIDDLE EAST INVESTMENT STRATEGY: WHOSE MONEY?**  
H.E. Ahmed Abdullatif MANAGING DIRECTOR, RIYAD BANK, RIYADH

Abdullah M. Basodan PRESIDENT, NIMR PETROLEUM CO. LTD., JEDDAH\*

S.M. Hosseini ADVISOR TO THE PETROLEUM MINISTER, AND GENERAL MANAGER OVERSEAS PARTICIPATION AND INTERNATIONAL AGREEMENT, NATIONAL IRANIAN OIL CO., TEHRAN

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**ENVIRONMENTAL LEGISLATION: CHANGING DIMENSIONS**  
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John D. Van Meter PRESIDENT, ASHLAND OIL INTERNATIONAL LTD., LONDON

Mario Rodriguez VICE PRESIDENT, PETROLEOS DE VENEZUELA S.A., CARACAS

Carola Teir-Lehtinen CORPORATE VICE PRESIDENT, CORPORATE ENVIRONMENT AND SAFETY, NESTE, HELSINKI

Moderator: Ian Ward DIRECTOR GENERAL, THE INSTITUTE OF PETROLEUM, LONDON

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G. Quincey Lumsden, Jr. SENIOR CONSULTANT, INTERNATIONAL ENERGY AGENCY, PARIS

**KEYNOTE ADDRESS**  
The Hon. Hazel R. O'Leary SECRETARY OF ENERGY, U.S.A.

Lunch

**KEYNOTE ADDRESS**  
H.E. Veysel Atasoy MINISTER OF ENERGY, TURKEY

**TURKEY: GATEWAY TO CENTRAL ASIA**  
Mete Goknel CHAIRMAN AND CEO, BOTAS, ANKARA

**CIS: INNOVATIVE FINANCING**  
Michael Lillja DIRECTOR, INTERNATIONAL TRADE DEPARTMENT, BERTEL ECKENGREN LTD., HELSINKI

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MILAN FASHION

Italian With an American Accent

By Suzy Menkes International Herald Tribune

MILAN — America first! seems to be the motto of this Italian fashion season. Clean-cut sportswear rules the runways; New York designers are taking over at leading houses.



A barely-there baby-doll dress from Rifat Ozbek.

The American presence in Milan now includes Steven Slonick, who sent out a clean, strong show for Ferragamo; Tom Ford at Gucci; Anna Sui at Iceberg; and Marc Jacobs also tipped as a consultant for the company, and Rebecca Moses as consultant to Genov.

All the buyers say they are pleased with what they are finding in Milan, yet the shows have mostly been a bore. It took the Turkish-born, British-trained Rifat Ozbek to produce a fast-paced show that had some fashion fizz.

Ozbek had moved on, but in his own spirit. Ferragamo let its classy clothes speak for themselves — a nice change in a season drowning under styling gimmicks.

The Complice show with its "Happy Harlem" style could never have been staged in America today. But it was hard to be in-laid by the merry romp, with its dancing models in skinny striped dresses.

Although Ferragamo showed the current light-as-a-breeze

and the gauzy African print robes, knits were the show's real forte, from the simple calf-length, knit slip dresses, to crop tops bearing the midriff — a hot trend.

All the buyers have criticized overstyling and attempts by Italian houses to whip up drama. Take Fendi. Here is a house that is a byword for glamour, quality and deep-pile luxury.

and the gauzy African print robes, knits were the show's real forte, from the simple calf-length, knit slip dresses, to crop tops bearing the midriff — a hot trend.

white swimsuits, presumably hoping for maximum exposure on MTV. Karl Lagerfeld, whose idea it was, failed to show for the first time in the 30 years he has been designer at the house, while the Fendi sisters scurried round the palazzo looking as bewildered as everyone else.

What clothes there were included sleek knits in viscose with a ripple at the hem or in thick knitted silk with a cable at the front. Elongated jackets, some with tails at the back over short skirts, came in black and white like the graphic sweaters. Fagoting, decorated pastel linen suits in mauve, mint green, apricot and lemon. And the Fendi accessories included gladiator sandals and bags in natural weaves and colors.

By contrast, Etro's presentation in its new showrooms was a model of how to do these things. In a cool white space, Etro's exceptional prints looked luxurious and classy. It is tough to specialize in prints when the scarf-shirt fashion story has just waxed and waned. But Etro's patterns inspired by Indonesia were subtle, mixing terra-cotta, earth and sand colors with a splash of blue.

Antonio Fusco was one of those bland-is-beautiful collections that leave an impression of luxury, quality and class — but not much else. Chinese baskets, raffia bangles and various styling tricks fancied up the basic clothes, which included slimline jackets and narrow pants in the finest materials.

The most uplifting event of Milan's fashion week was the party to honor Italian fashion and Elizabeth Tilberis, editor of Harper's Bazaar, given in Milan's privately owned Palazzo Cresspi as a benefit for an arts foundation founded by the hostess, Giulia Maria Mazzoni Cresspi. Italian fashion's big three — Giorgio Armani, Gianfranco Ferré and Gianni Versace — stared in envy and admiration at the twin Canalettos, the roomful of Madonnas, the virtuosity of silver and porcelain, and the magnificent chandeliers that even outshined the outside diamond ring worn by Veronica Hearst.

The new research suggests that fats derived from animal foods promote rather than inhibit the development of prostate cancer and may be the crucial factor determining in which men

HEALTH / SCIENCE

A Question of Medical Priorities

By Gina Kolata New York Times Service

NEW YORK — Portia Davis sits strapped in a wheelchair at the Hospital for Sick Children in Washington, a feeding tube passing through her nose. Her tiny, pointed head jerks mildly as she passes from seizure to seizure, small convulsive shivers with barely a break in between. She is 2 years old now and, medical experts say, is neurologically devastated.

She has virtually no brain, and although her eyes are open she is completely unresponsive and unaware of her surroundings. Doctors say she has no prospects for improvement. But the real tragedy of Portia Davis, her parents say, is that she should not have been born at all. Their child is a victim, they say, of a medical system gone awry. And with the federal government, through Medicaid, paying bills totaling at least half a million dollars so far, there are other, indirect victims, other children who will be denied medical care because there is not enough money to pay for everything.

"I always thought that the worst thing that could happen was if a baby died," said Andre Davis, Portia's father, a 28-year-old air-conditioning mechanic. "But this is worse."

Medical experts say Portia's case is important because it exemplifies some of the most thorny issues facing those who would overhaul the health-care system. It involves questions of how medical decisions are made, and by whom. And it raises troubling questions of spending priorities.

"We are now talking about the need to change health care, to control costs," said Dr. Arthur Caplan, director of the Center for Bioethics at the University of Minnesota and an advisor to the Clinton health-care team.

But, he added, with Portia, the government is "providing care that might generously be described as futile, pointless, hopeless and a significant expense in the same breath as saying we have to say no to some things. If this does not constitute care that is not cost-effective, then what does? What's the definition?"

Portia's mother, Venia Davis, a 31-year-old secretary, first knew something was dreadfully

wrong on Dec. 30, 1990. She was 27 weeks pregnant and had started having labor pains. She went to Columbia Hospital for Women in Washington, where her doctor gave her a drug to stop uterine contractions and ordered a sonogram, to take a look at the fetus. It showed a grotesque malformation, a sack protruding from the back of the fetus's head that was bigger than the head itself. Most of the brain was in the sack, where it cannot function.

This condition, called an encephalocele, is

Should you keep alive a baby without a brain or fund a vaccination program?

always serious, but especially so when it involves brain tissue at the back of the head, said Dr. Jerry Oakes, a professor of neurosurgery at the University of Alabama in Birmingham. When he counsels parents of children with encephaloceles involving the back of the head, Dr. Oakes says, he tells them that "the likelihood of this child living independently in society, having a job, getting married, are slim to none; they will be dependent on their care givers forever."

The severity of the condition also depends on how much of the brain is in the sack. Portia's case was at the extreme end of the encephalocele spectrum. She had essentially no brain tissue that was normal and usable. Her brain function, if she survived, would allow her only to breathe and to control such things as heart-beat and blood pressure. Mrs. Davis said the radiologist told her that Portia would be "severely brain damaged, beyond retarded."

Mr. and Mrs. Davis asked that the pregnancy be terminated. Mrs. Davis's obstetrician, Dr. Robert Thomas Greenfield, agreed. He began administering an intravenous drug, pitocin, to induce labor. But that was an hour after he began the pitocin treatment, which ordinarily is administered in conjunction with other techniques to induce abortion, he changed his mind. In a deposition taken because the Davises are

suing him for malpractice, Dr. Greenfield said he stopped the abortion attempt after consulting with three other doctors who said they thought the fetus might be born alive.

Although the Davises protested, Dr. Greenfield sent Mrs. Davis home to wait for her pregnancy to go to term.

Portia was born March 12, 1991, at Columbia Hospital. No one expected her to live long. The Davises agreed to have the sack surgically removed to make the baby more comfortable, and the operation was scheduled for the next day. They were told that she would probably live no more than a day, but she made it through and had the operation.

Then, the Davises said, they were told she would probably live no longer than a week. Soon her life expectancy was increased to a year. Now her doctors are saying she could live five years. But no one holds out any hope for improvement.

Dr. Norman Daniels, an ethicist and health-care expert at Tufts University in Massachusetts, said that many doctors would have terminated Mrs. Davis's pregnancy, and that the story of Portia's life is one that shows the capriciousness of medical practice. He noted that while Portia is being kept alive despite her parents' wishes, nearby in Virginia another baby, this one with anencephaly, a related condition that results in only brain stem activity, is being kept alive because her mother insists on it, although the hospital is resisting. The Virginia case is scheduled to be heard this month by a federal appeals court.

Dr. Oakes, the neurosurgeon, said that, eventually, the United States is going to have to make some tough decisions. "If society decides in its wisdom that every beating heart has a value, then our society is going to take on a financial and emotional burden that has never been taken on by any society in history. Is it better to spend \$240,000 a year to support this child in a Washington hospital, or to fund a vaccination program in rural Alabama?"

Although the answer may seem obvious to many, Dr. Oakes said. "We've made the opposite decision — immunization in rural Alabama isn't funded, but this baby is kept alive."

Dietary Fat, Prostate Cancer Linked

By Jane E. Brody New York Times Service

NEW YORK — Men whose diets are rich in animal fats, and particularly fats from red meat, face nearly an 80 percent greater risk of developing potentially fatal prostate cancer than do men with the lowest intake of such foods, a new study has found.

The study, which has been following more than 51,000 male health professionals in the United States since 1986, provides the strongest evidence yet linking dietary fat to the chances of dying of prostate cancer, which is the second leading cause of cancer deaths in American men, after lung cancer.

The finding strengthens the credibility of earlier observations derived from studies of cancer-diet relationships in laboratory animals, international comparisons of prostate cancer rates, studies of cancer rates among immigrants from countries where prostate cancer is rarely fatal and examinations of the diets of men with advanced prostate cancer.

The new research suggests that fats derived from animal foods promote rather than inhibit the development of prostate cancer and may be the crucial factor determining in which men

prostate cancers change from a dormant, symptomless condition to a spreading and possibly lethal malignancy.

The study, published in Wednesday's issue of The Journal of the National Cancer Institute, was conducted by Dr. Edward Giovannucci and colleagues at Harvard's Medical School and School of Public Health.

Cancer researchers have long been puzzled by the fact that when men from different countries are examined at autopsy, 15 percent to 30 percent are found to have had latent prostate cancer that caused no symptoms. Yet there is as much as a 120-fold difference in prostate cancer death rates, with the rate for American men among the highest in the world.

This year the American Cancer Society estimates that 35,000 men will die of the disease, and it will be diagnosed in another 165,000. In the last three decades, the prostate cancer death rate among American men has risen more than 17 percent.

Studies have also shown that when men move to the United States from Japan, where prostate cancer is a rare cause of death, their chances of developing the disease increase with the length of their stay, eventually equaling those of native Americans.

Such evidence strongly suggests that environmental factors, rather than genetic differences,

account for Americans' high rate of fatal prostate cancer.

In an editorial in the same issue, Dr. Kenneth J. Pienta of the Michigan Cancer Center and Peggy S. Esper of Harper Hospital in Detroit said "dietary fat currently seems to be the most likely environmental culprit."

Dr. David Rose, who conducts diet-cancer studies at the American Health Foundation in Valhalla, New York, said: "A number of different fatty acids drive prostate cancer cells once they've developed. Fats can accelerate the growth of tumors and increase their propensity to metastasize."

An ability of dietary fats to stimulate cancer growth in animals has been demonstrated for cancers of the breast, ovary, colon and uterus as well as for cancer of the prostate.

While most fats have been implicated as cancer promoters in the laboratory studies, fats from fish — the so-called omega-3 fatty acids — have the opposite effect, suppressing cancer growth and metastasis.

The greatest risk — nearly three and a half times higher — was associated with the highest intake of a mono-unsaturated fatty acid called alpha-linolenic acid.

But Dr. Giovannucci said most of this fatty acid was derived from animal fats rather than vegetable oils in the men's diets.

BOOKS

THE DEVIL WE KNEW: Americans and the Cold War

By H. W. Brands. 243 pages. \$25. Oxford.

Reviewed by Kai Bird

H. W. Brands thinks America "loved the Cold War too much" and in its absence they find the world too complicated a place. He would have us believe that America both precipitated the Cold War and then institutionalized and unreasonably perpetuated it. This is an indictment that could be made with heavy-handed self-righteousness. But fortunately Brands writes with consummate wit and good humor. He is explaining, not indicting. In his view, after the end of World War II, as Americans resolutely went about expanding their sphere of influence across the globe, they desperately needed a devil to confirm their innocence. In communism they found it.

"The Soviet Union, far from being the aggressor," Brands concludes, "found itself on the defensive. Although at times the Kremlin reacted belligerently, the burden of responsibility for the Cold War rested on the United States, the most powerful of the two countries . . . and the one with less to fear from the other."

Before the Berlin Wall came

WHAT THEY'RE READING

John Daniel, the vice chancellor of the Open University in Milton Keynes, England, is reading "The Tibetan Book of the Dead." "Even when working in the United Kingdom's largest university it is good to remind myself of the diversity of human experience and attitudes that the world contains." (Barry James, IHT)



down in 1989 such an argument would brusquely have been labeled "revisionist," and that would have been the end of it. But something about the anticlimactic way the Cold War ended raises fundamental questions about the nature of this four-decade conflict. "The most obvious question," Brands writes, "was whether it had been necessary for Americans to get so worked up over an enemy that proved to be a shell — a large country, to be sure, with formidable weapons, but one with a decrepit economy and a political will insufficient to keep it from breaking apart at the first wind of honest reform. Had the Soviet threat ever been very great? How much of the perceived threat had been genuine, and how much a figment of American imaginations?"

Brands' reasoned answers to these tough questions suggest that his pithy book may well receive an audience incoincidental only a few short years ago.

Brands is the author of four other critically acclaimed histories on various aspects of the Cold War, including a 1991 biography of Loy Henderson, the veteran U.S. diplomat. The "Devil We Knew" should firmly establish his reputation — at least among his professional peers — as one of the best and certainly one of the most prolific young historians of the postwar period. His work shows evidence of many hours spent in the archives. And yet his histories are eminently readable. He peppers his argument with wry observations about well-known men like Harry Truman, J. Edgar Hoover, Dean Acheson,

Paul Nitze and some not so well-known cold warriors like C. D. Jackson, Ike's petulant psychological warfare advisor and right-hand man to Henry Luce.

Though provocative, this book is not a polemic. Brands fairly engages the arguments of such illustrious members of the Washington punditocracy as Leane Kirkpatrick, Henry Kissinger and Charles Krauthammer. He concludes that their perceptions of the enemy were faulty, and one can't quarrel with his restatement of their views.

Far from being on the fringe, Brands' revisionist take on the Cold War is representative of a new consensus among historians. Yes it is revisionist, but it is a balanced revisionism, grounded in the recent archival work of other like-minded historians such as Walter L. Fisher, Melvyn P. Leffer, Bruce Cumings, Michael J. Hogan and Thomas J. McCormick. Writing within the last half-dozen years, these authors seriously call into question the most basic assumptions of such orthodox historians of the Cold War as John Lewis Gaddis and Arthur Schlesinger Jr.

The orthodox school has always claimed that in the beginning the Soviets acted, the Americans merely reacted and that policy during the Cold War can be excused since they had righteousness on their side. In contrast, Brands and his like-minded historians provide a psychological and subtle interpretation of the Cold War. Their revisionist interpretation is so rich in archival detail that it can no longer be ignored.

Ironically, the problem with this new revisionism is not that it doesn't peel away another layer of the imponderables of history, but that it is such nasty medicine for the constitutions of most Americans. After all these years, who wants to believe that the Cold War was not the holy crusade they were taught, that Stalin, though a brutal tyrant, did not have the expansionist agenda of a Hitler, that the Soviet military threat was greatly exaggerated and that Washington missed many opportunities to demilitarize the conflict? Even if the message is unpalatable, no reader can possibly finish this book without being disquieted and intrigued.

Kai Bird, author of "The Chairman: John J. McCloy, The Making of the American Establishment," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

THE victory of the Dutch team over Norway in the final of the NEC Bermuda Bowl in Santiago, Chile, was not as comfortable as it might appear on paper.

The anchor partnership for the Dutch was that of Enri Leukens and Berry Westra, who now have a world open title to go with the world junior team title they won six years ago. When Leukens was asked his age he had to hesitate: with a birthday the next day, he explained, that he was 30 in the Netherlands but not in Chile.

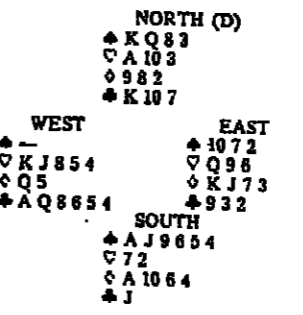
Their partnership uses a simple style that includes four-card major openings, now unfashionable in most of the world. On the diagrammed deal it gained heavily, for Westra opened the North hand with one spade. After a spitzer response of four clubs, four spades

was reached and East had little choice about which red suit to lead. He chose a diamond, which was fatal: Westra grabbed the diamond ace, drew trumps ending in the South hand, and led the club jack.

West took his ace, and the club king provided a discard for a heart in the South hand. Two diamond tricks, plus the club ace, were the limit for the defense.

In the replay the Norwegian North-South were using a complex strong-club system, which called for a one-diamond opening. The bidding went as shown, and after a one-spade response West seized the opportunity to bid two no-trump to show a two-suiter in the unbid suits. East was able to bid three hearts, so when South again reached four spades West knew what to lead. A heart was decisive and the defense had to take a heart trick, a club trick and two diamond

tricks. The club king provided a discard of a diamond, but that did no help the declarer.



North and South were vulnerable. The bidding: North 1♠, South 1♥, North Pass, South 3♥, North Pass, South Pass. West led the heart four.

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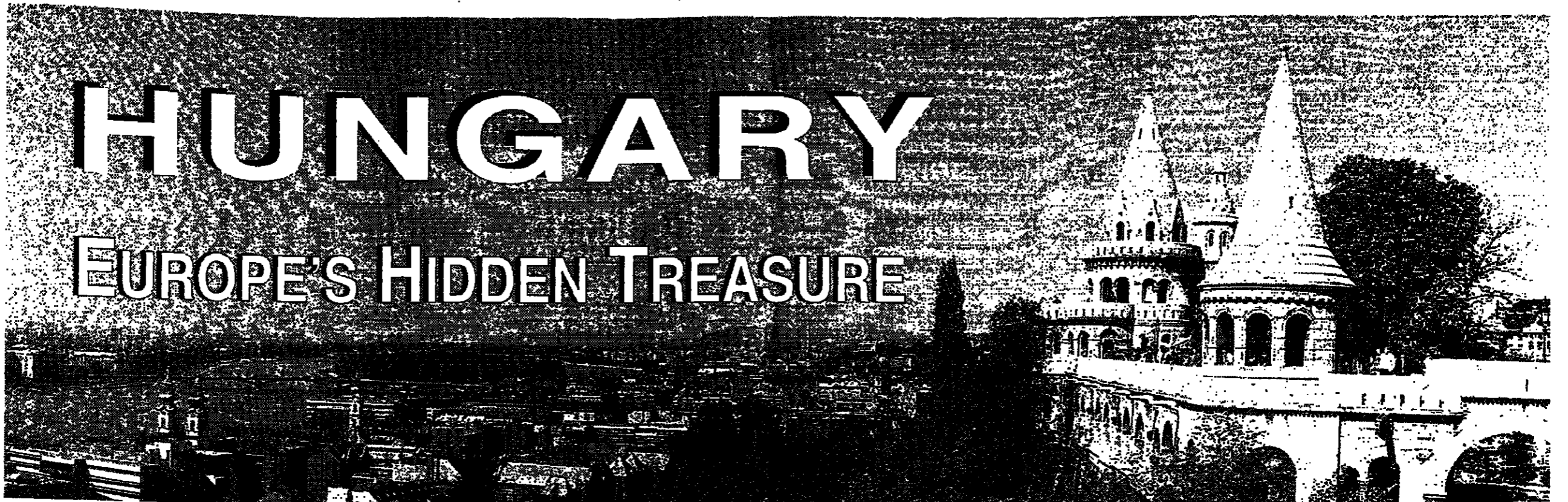
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# HUNGARY

## EUROPE'S HIDDEN TREASURE

### AFTER THE TRANSITION, AN ECONOMIC TURNAROUND

"Period of transition" is a simple term for a complex, vexatious passage. Twenty Central and East European nations embarked on it in 1989. Four years later, overcoming the inroads of world recession as well as intraregional political and economic turbulence, Hungary may have been the first to arrive at the end of the road.

No one, not even the country's economic planners, is quite sure at the moment whether Hungary has indeed completed its "period of transition"; recent figures suggest that the economy may even have advanced beyond it. All year long, scrupulously accurate official figures were flashing a simple, heartening message: After three successive, moderate declines in the national gross domestic product, 1993 was proving to be Hungary's first "no-loss" year. The turnaround, it seemed, was finally at hand. Then came an exhaustive study of the country's unofficial economy. The study found 20 percent more economic activity than officially recorded, and the figure was rising quickly.

Nor do Hungary's economic planners really have the time to ponder the matter. They are too busy contending with the "sins of the past" — as Peter A. Bod, president of the National Bank of Hungary (the country's central bank), terms the debt load accumulated by the previous communist government. They are also busy dealing with the troubles of the present. Considering the nature of these troubles — Hungary's Western markets still in recession, the Eastern ones often struggling, and its southern neighbors wracked by war and under boycott — the country's key performance indicators are surprisingly good. They, too, point toward — and beyond — turnaround.

Inflation, which peaked at 35 percent in 1991, has recently been falling steadily. It now stands at 23 percent. Similar improvements have been registered in the rate of unemployment (now at about 13 percent) and the country's prime interest rate (at 17 percent). "I would like to see all of them much lower," says Mr. Bod. Hungary's "structural" indicators are even better than its performance figures. These structural statistics detail the makeup of the country's economy, its sectors and their relative health. They explain why Hungary is starting to be called "Central and Eastern Europe's first post-transitional state."

Hungary now has a full-fledged, well-financed private sector, which comprises some 220,000 companies and 671,398 self-employed professionals. These figures indicate an increase of 218 percent and 130 percent, respectively, over the figures for 1989, the starting date of the transition process. Importantly, these fledgling enterprises show a 93-percent rate of survival, high by any standards. Both the international business community and Hungary's legions of local entrepreneurs have vied to provide funds and manage-

ment for these companies. Some \$5 billion in non-Hungarian capital had flowed into 15,000 Hungarian companies as of June 30 this year; domestic sources have more than matched that figure, supplying nearly \$8 billion in bank credit and \$24 billion in equity and working capital. A related structural indicator is the state of Hungary's privatization program. Not only is it well advanced, but it is also producing viable private-sector companies: this achievement is not always the norm in Central and Eastern Europe. In 1989, Hungary, like its 19 regional counterparts, was encumbered by a system of lumbering, state-owned vertical conglomerates. In the opinion of Bela Kadar, the country's minister for international economic relations and a respected economist, Hungary may have enjoyed a certain head start in this regard. "Goulash communism did permit a certain measure of decentralization and of market realism," he says. After 1989 and the country's opening to the world market, products generated by Hungary's nascent private sector immediately found buyers in the West, and this pattern has continued throughout the privatization period. For three straight years, the country managed to defy the recession and record healthy current-account surpluses. Reminiscent of the United States in the 1980s, Hungary is currently facing twin deficits in both its current accounts with the outside world — at \$1.5 billion for the first half of this year — and in the government's budget, which is forecast to amount to 7 percent of the gross national product.



Redrawing the maps: In a changing region, Hungary remains a bastion of economic and social stability, attracting travelers and investors from around the world.



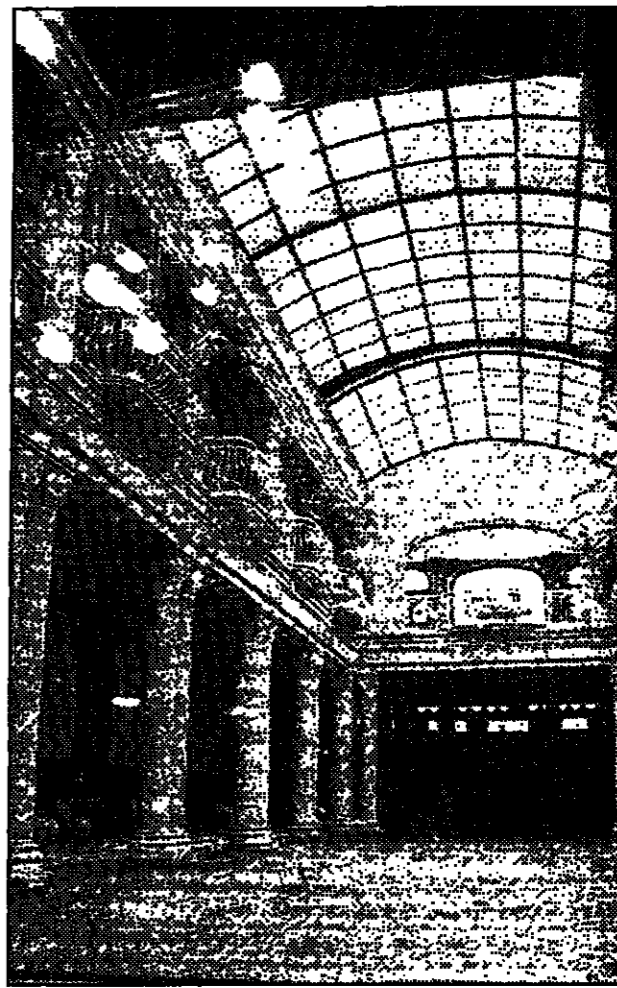
Capital treasures: Behind the historic facades, \$5 billion in foreign investment.

ment for these companies. Some \$5 billion in non-Hungarian capital had flowed into 15,000 Hungarian companies as of June 30 this year; domestic sources have more than matched that figure, supplying nearly \$8 billion in bank credit and \$24 billion in equity and working capital. A related structural indicator is the state of Hungary's privatization program. Not only is it well advanced, but it is also producing viable private-sector companies: this achievement is not always the norm in Central and Eastern Europe. In 1989, Hungary, like its 19 regional counterparts, was encumbered by a system of lumbering, state-owned vertical conglomerates. In the opinion of Bela Kadar, the country's minister for international economic relations and a respected economist, Hungary may have enjoyed a certain head start in this regard. "Goulash communism did permit a certain measure of decentralization and of market realism," he says. After 1989 and the country's opening to the world market, products generated by Hungary's nascent private sector immediately found buyers in the West, and this pattern has continued throughout the privatization period. For three straight years, the country managed to defy the recession and record healthy current-account surpluses. Reminiscent of the United States in the 1980s, Hungary is currently facing twin deficits in both its current accounts with the outside world — at \$1.5 billion for the first half of this year — and in the government's budget, which is forecast to amount to 7 percent of the gross national product.

Hope for a speedy end to these imbalances comes from the country's resurgent industrial sector. After declining 10 percent over the last four years, this sector now seems set to rise by 14 percent this year. Leading the way have been recently privatized industrial companies. To date, Hungary's privatization agency has returned an estimated 850 companies to the private sector. After passing the "halfway point" in 1992, the private sector now accounts for a reported 60 percent of the country's GNP. "Market realism" also helped the country's privatization program avoid the restitution squabbles and ownership sweepstakes plaguing its regional counterparts. "In 1990, we made two very simple and difficult decisions," says Mr. Bod, who was serving as a consultant to the ministry of finance at the time. "Future buyers of state-owned property were not going to have to contend with claims by former, expropriated owners. This meant — with a number of exceptions — a lack of direct compensation for these owners."

"Secondly, we knew our companies needed working capital more than they did broad-based ownership. That is why we did not adopt the share coupon or points plans common to our region. Of course, we have actively supported management buyouts and employee stock-ownership plans. With 160 national markets to appraise, many international investors do not compile studies but instead use a checklist to formulate their judgments. The German business daily Handelsblatt, for example, offers a concise appraisal of Hungary: "a fair, open market." This verdict is based on a number of factors. Hungary's currency,

the forint, is convertible for business purposes, with complete convertibility in the offing. Except in the purchase of agricultural land and certain residential property, non-Hungarian companies enjoy the same rights and follow the same procedures as their local counterparts, which no longer receive state subsidies. Both import and export restrictions have reportedly been abolished to a large extent. Through times — the time it takes to get a project through state and local bureaucracy — are another important checklist item: in Hungary's case, these are minimal. One reason for this, according to Mr. Bod, is that "there is a general enthusiasm for new investment and projects throughout the country, and certainly no resentment toward foreigners."



employment — an unfortunate phenomenon that he believes will be short-lived. "Young companies — and we are a nation of young companies — have to keep costs and staff to a bare minimum while developing products and markets," he says. "Our job is to keep privation down to a tolerable level during this process. It is also our job to see to it that this process is as short as possible." Terry Swartzberg

### HUNGARY: FACTS AND FIGURES

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**Other major cities:** Debrecen (214,000), Miskolc (194,000), Szeged (176,000), Pécs (170,000)  
**Area:** 93,036 square kilometers (35,921 square miles)  
**Population:** 10.34 million  
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This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • David Hermges is a British journalist, photographer and broadcaster who specializes in Central Europe. • Darrel Joseph is a free-lance journalist based in Vienna. • Terry Swartzberg is a Munich-based business journalist.

### NEW BALANCING ACTS FOR A STORIED TRADITION

As the head of a financial system that did not even exist in its present form four years ago, Peter A. Bod, the National Bank of Hungary's 42-year-old president, has a few more conundrums to solve than do many other central bank heads. Like central banks all over the world, the National Bank of Hungary strives to find an elusive equilibrium between the need to reduce inflation — which often presupposes high interest rates, tight credit and a cooling down of the economy — and the imperative of generating economic growth, which involves low interest rates and easy access to credit. At the same time, each of the central bank's "customers" — the public, private, corporate and financial sectors — are busy tugging the bank in mutually exclusive directions. To preserve the international credibility of his country's banking system, Mr. Bod has to strictly enforce often onerous capital-adequacy and balance-sheet-accounting standards. He also has to make sure that Hungary's 36 commercial banks, eight finance houses, and 257 savings and credit unions continue to help fund Hungary's ongoing privatization program and to provide capital to the country's rapidly developing private sector. The 76,000 newly founded or restructured companies that constitute the private sector are by their nature risky ventures with a high percentage of failure. By any criterion of performance, the National Bank has done its job well in this time of world recession. It has been flexible and imaginative in its use of the instrumentalities at its disposal. One recent example: Slack interna-

tional demand had sent a number of local companies into receivership, robbing banks of performing loans and the government of tax revenue. By organizing a swap of non-performing loans for government-issued bonds, the central bank and the Ministry of Finance equipped the troubled banks with the requisite capital backing, keeping them in the money-lending business. Through a judicious tapping of national and international capital markets (where Hungarian "paper" enjoys ready acceptance), the National Bank has helped the government cover its burgeoning deficit without having to resort to the wholesale printing of money. As a result, the country's rate of inflation has remained manageable, peaking at 23 percent a few months ago and declining ever since. The decline in inflation has brought down prime interest rates, precluding a capital crunch. Mr. Bod, a widely traveled professor of public administration and a former minister of industry and trade, has other balancing acts to perform. In a welcome move, international banks have flocked to set up branch offices and subsidiaries in Hungary. Mr. Bod's job is to make sure that these heavyweights do not crowd out their fledgling domestic counterparts. "Actually," says Mr. Bod, "a natural market division is

emerging. The international banks have concentrated on our major international companies. Hungarian banks, while staking out a share of this sector, have been successful in retaining the retailing and local corporate areas." In its efforts to keep Hungary's financial system on an even keel, the National Bank can count on two powerful allies: Hungary's private households, whose thriftiness is legendary, and its entrepreneurs, whose gusto for risk-taking and corporate innovation gave the country a nearly "instant" financial community. Over the past four, difficult years, Hungarians have saved an average of 12 percent of their incomes — a remarkable feat in times of privation. These savings, in turn, have helped the government and the financial community withstand the worst effects of recession. Hungary's banking traditions are long and storied. Late 19th-century Budapest was the fastest-growing city in Europe; its banking community was instrumental in facilitating this expansion. Budapest served as one of continental Europe's great financial centers. Many of today's banks trace their lineages back to the pre-World War II era. Many were incorporated into the communist era's state-controlled banking system, only to be relaunched in the late 1980s, after the Hungarian government liberalized restrictions on shareholding, foreign-currency dealings and asset holdings. These liberalizations set off a heated bank-founding boom. Participants were state agencies, incipient corporations, local investors and international financial houses. These new banks, in turn, following the model of Ger-



"A natural market division is emerging," says Peter A. Bod, president of the National Bank of Hungary.

many's "universal banks," jumped into leasing, commodity dealing, private and merchant banking, factoring, real-estate brokerage, venture capital and nearly all other kinds of financial services. One example is the Kereskedelmi Bank Ltd. A predecessor, the Hungarian Commercial Bank of Pest, was chartered in 1841, nationalized in 1947 and re-established in 1987. The K&H Bank, as it is commonly known, has made up for lost time. Within two years of its founding, it had gone international, entering the world's capital markets. By 1990, the bank, which bills itself as Hungary's second largest, had set up an international network of branch offices and correspondent banks. T.S.



ADVERTISING SECTION

# WHEN HALF A LOAF IS BETTER THAN NO BREAD AT ALL

Although Hungary's full integration into Europe is, at best, a distant prospect, almost all the country's economists acknowledge the importance of developing closer, institutionalized relations with the European Community.

In the 1980s, well in advance of the collapse of the communist structure in Eastern Europe, relations between Comecon - to which all the countries in the region belonged - and the EC were rapidly strengthening. In 1990, Hungary, together with Poland and Czechoslovakia, was included in the Generalized System of Preferences. This set in motion the process that culminated in 1991 in the conclusion of "Europe Agreements" with those three countries, the purpose of which was to establish free trade in industrial goods and promote economic cooperation. The increasing speed of Hungary's transition to a free-market economy and its restructuring clearly necessitate more intense contacts with the EC. Hungary lost most of its market after the collapse of Comecon, and domestic demand has been declining for several years.

Under the old "socialist" system, the fulfillment of preset production quotas was all-important. Today, flexibility, economic thinking and managerial imagination are at a premium to cope with the new competitive circumstances.

Meanwhile, the number of East European countries seeking integration with the EC has risen to six. As far as Hungary is concerned, the Association Agreement signed in Brussels on Dec. 16, 1991 comprises nine main areas; these include political dialogue, the free movement of goods and the supply of services, migration of workers, capital movements, as well as economic, cultural and financial cooperation. The agreement has to be ratified by both sides. Among all the Europe Agreement countries, Hungary is the most advanced in this respect, with ratification completed by Denmark, Ireland, Luxembourg, the Netherlands, Britain, Greece and Spain. An Interim Agreement went into effect in March 1992 so that the trade-related provisions could be quickly implemented.

It is worth recalling that in March this year, Hungary signed a free-trade agreement with the European Free Trade Association, which went into effect this September after approval by the Hungarian Parliament. The agreement, which provides for free trade to be developed over the next 10 years, is similar to the interim agreement between Hungary and the EC. According to the EFTA agreement, customs duties as well as duties on industrial imports from EFTA countries into Hungary will be phased out over the next five years.

It is quite clear that the Europe Agreement will bring Hungary only part of the way toward its goal, namely integration into Europe, but in view of the uncertainty prevailing in the EC, the Hungarian view is that half a loaf is better than no bread at all. D.H.

# WHERE CAPITALISM MEETS AUSTRO-HUNGARIAN EMPIRE

An array of traditional places to go and things to do continues to define Budapest, despite the increasing business and cultural influence of Western Europe and the United States.

The Castle Hill district crowns the city on the Buda side of the Danube River (Pest lies across the river). The oldest part of the Hungarian capital, Castle Hill is graced by cobblestone streets lined with lovingly restored Baroque houses.

Remnants of the medieval period are maintained here as well. Originally built in the 13th century, Matthias Church now has a Gothic structure. It was restored a century ago by architect Frigyes Schulek. His work, particularly the interior vaulting and other decorations, recreated much of the church's early splendor. Several Hungarian kings, including the church's namesake Matthias

Corvinus, were married or crowned before its altar.

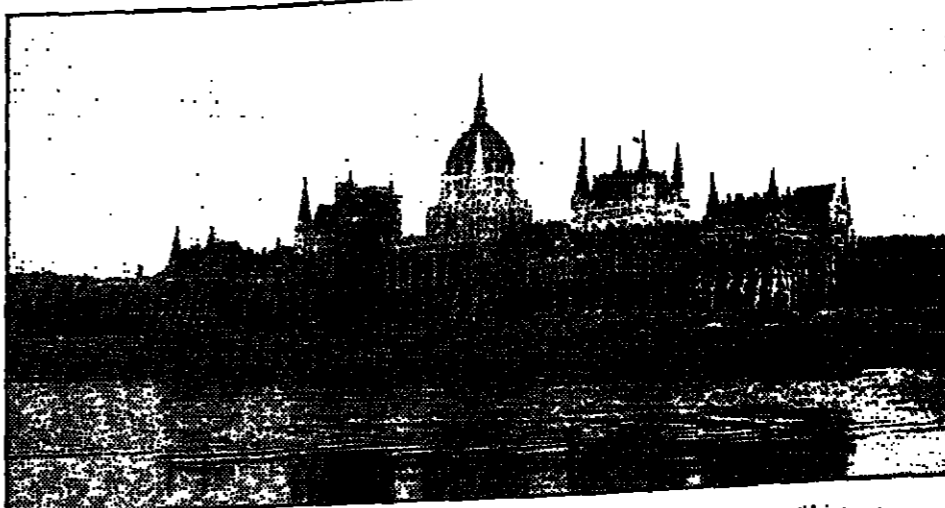
Directly behind the church, just off the Szentharomsag ter (Trinity Square) is another medieval-style Schulek composition - the Fishermen's Bastion, or Halasbasya. Its seven turrets commemorate the seven Magyar tribes who founded Hungary in 896 A.D. The Bastion's terraces and archways provide one of the most spectacular views in Europe. In the evening, the Royal Palace in Buda, the neo-Gothic Parliament in Pest and the Chain Bridge that links both sides of the city are dramatically flooded in golden light, their reflections dancing on the Danube.

The neo-Baroque Royal Palace is just a short walk from the Bastion. Its foundations laid seven centuries ago, the palace has since been enlarged, punneled, restored, destroyed and

then finally rebuilt after World War II. Today, the palace houses several museums, including the National Gallery, which displays works by Hungarian masters Csontvary and Munkacsy, and the Budapest History Museum, where artifacts document 2,000 years of the city's tumultuous rule by Romans, Magyars, Turks and Austrians.

Now ruled mainly by capitalists, Budapest features glittering storefront windows and luxurious shops. These are mostly found across the Danube in Pest, in the pedestrian street Vaci utca and the surrounding area. Everything from designer clothing and shoes to exquisite jewelry abounds here.

For traditional Hungarian treasures, the Folk Art Trading Co. at Vaci utca 14 has plenty of colorful ceramics in centuries-old designs. Just steps away, at



Budapest: chic boutiques, gracious dining and a testament to 2,000 years of history.

Jozsef Nador ter 11, is an outlet for Herend, one of Europe's historic fine-porcelain houses.

Between the two stores, on the Vorosmarty ter, is the 19th-century Cafe Gerbeaud. With an Old-World decor that recalls the Austro-Hungarian Empire, Gerbeaud is ideal for sipping Hungary's well-known wine, Tokaji. The sweet Tokaji Aszu mingles best with the cafe's tempting cakes, such as Dobos-

torta and Eszterhazy. Other gustatory pleasures can be experienced at several local restaurants. The classic choice is Gundel, recently restored to its turn-of-the-century grandeur by gourmet George Lang. Situated at Allatkerti korut 2 in Pest, Gundel serves up a roster of Hungarian specialties, including tender and tasty roast duck.

Thermal spring baths are another Budapest specialty. Their therapeutic benefits

were enjoyed by the Romans, and the Turks nurtured the bath culture during their 16th- and 17th-century occupation of the city. Some of these baths, including the Kiraly and the Rudas, are still in use today. From more recent times, the lavish Szechenyi (near Gundel) and the Art Nouveau Gellert are as pleasing to the eye as they are to the body; they should not be missed.

Darrel Joseph

# \$5 BILLION IN INVESTMENTS IN RECENT YEARS

Born in Pecs, Hungary in 1934, Bela Kadar earned a doctorate in economics in 1980; he also holds various postdoctoral qualifications. Before being named Hungary's minister of international economic affairs in 1990, Mr. Kadar had a 34-year career as a senior economist at various national economic research and planning bodies. He has held chairs of economics and international trade in Hungary, Chile and Peru. In this interview, he talks about the quality and quantity of foreign investment in Hungary.

Hungary has displayed a remarkable ability to attract foreign investment. Have there been any changes in the volume of investment or in the makeup of the investors over the past years?

The volume has held remarkably steady. It amounted to \$900 million in 1990 - thus far surpassing in a single year all the investment the former communist regime had managed to secure in the previous 17 years. It came to some \$1.7 billion in 1991 and to the same figure in 1992. For the first half of this year, we have seen an inflow of \$700 million. Hungary's share of the world's total foreign investment has nearly tripled over the past four years.

The sources of this capital have changed. In 1990, American corporate giants discovered Hungary. By the end of the year, one-half of all foreign investment in our country had come from American companies. As other countries, including Switzerland, followed suit, that share began slipping, and it is currently a little below 40 percent. We are currently witnessing a rise in Germany's share and the entry of such "new" countries as South Africa and Russia into the Hungarian market.

Where has the money been going?

Up until 1990, two-thirds was going into the service sector. That has completely changed. At the moment, 60 percent is being allocated to the production sector.

When will this \$5 billion investment in Hungary begin to make its presence felt?

It already has. After all, one-sixth of Hungary's export revenues are now being generated by these ventures. There has been a change in strategy on the part of many foreign investors. After they set up their factories, they first concentrated on supplying our domestic market, with a great deal of success, as a look at the figures for numbers of cars sold last year indicate. But our domestic market is relatively small, and now they are turning toward international markets.

What explains the continuing popularity of the joint venture as a vehicle for non-Hungarian investment in your country?

At the end of the communist regime, there were less than 2,000 so-called joint ventures in Hungary, although these were actually cooperation agreements. There are now more than 15,000 of them - up 5,000 since the beginning of the year. Foreign investors like joint ventures because of the added security they offer - the foreigners get a local partner with an in-depth knowledge of domestic markets and regulations. That is why there are only 3,000 joint ventures exclusively owned by foreigners in the country.

The relative size of the company entering the Hungarian market is also a key determinant. For instance, large American multinationals prefer to go it alone, to set up

wholly owned subsidiaries. Austrian companies tend to be small in size. They have entered into more than 3,000 joint ventures.

Hungary has been highly successful in international markets, recording trade surpluses over the past three years before slipping into a deficit in the first six months of this year. This achievement has come despite the collapse of its Eastern markets and a recession-caused slackness in its Western ones. What is behind this performance?

In 1990, aided by a short-term, government-funded export promotion package, our companies began to quickly reorient themselves toward markets in the West. This reorientation was successful. In 1992, more than 50 percent of Hungary's trade was carried out with the developed industrial countries.

What role do you see emerging for Hungary in the Central and East European region?

I think both local and international companies are finding Hungary to be a good business base for the region. Our trade with Romania, for example, increased 56 percent last year and is rising at a 30-percent rate this year. The same pattern holds true for Slovenia, Croatia and Ukraine.



Mr. Kadar: "There has been a change in strategy."

Interview by Terry Swartzberg



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WHERE MONEY STARTS WORKING

# HUNGARY: THE COUNTRY OF FLAVORS

Take a pound of fresh beef, half a pound of mixed vegetables, one-and-a-half pounds of potatoes, two tablespoons of oil, onions, salt, paprika and bay leaf according to taste. Fry the finely chopped onions in the oil, add red paprika and beef cubes. Salt and cover with some water, and when the meat is almost cooked, add the vegetables and potatoes. Season with bay leaves and green pepper. When cooked, serve the Hungarian Goulash.

### Agriculture: A National Asset

Hungary is known throughout the world for its goulash. Anyone who ever sat over this fragrantly steaming Hungarian specialty will remember the taste of goulash for a long time. Hungary means more than goulash, however. Over 30 million tourists come to Hungary every year, and nearly every second Hungarian goes abroad. Eating habits vary in the Hungarian nation, and its kitchen has been made even richer by Italian, German, French and Far Eastern tastes. This central East European country is blessed by nature. The rich, arable land is slashed by rivers abounding in water. Its 93,000 square meters of plains and hills blend into each other. The lake sides, with their volcanic soil, offer an ideal climate for wine producing. Thanks to nature, Hungary is a country of many flavors, but cooks who want to try Hungarian flavors in their own kitchens do not have leave their country. The soil of this little country produces more foodstuffs for its people than they can consume. For several decades, three-quarters of Hungary's food products have been sold abroad.

The food industry sold \$2.6 billion worth of produce abroad in 1992, representing one-quarter of all exports. Because of this capacity, agricultural production is of major importance to the nation. This has been the case for centuries. Traditionally, Hungary has been referred to as the larder of Europe, not only because of its rich soil but also because of the expertise of its agricultural workers and their love of their work. The sunshine and quietly soaking rain fill the vegetables and fruits with aroma. Hungarian meat also has a special taste in the frying pan. The care of thousands of experts has gone into its development before it reaches the table.

If you feel like tasting Hungarian goulash based on this recipe, you can buy all the ingredients in the United States or Western Europe. Hundreds of types of Hungarian products are now available in America and the countries of the European Community. Nearly \$100 million worth of Hungarian products are exported to the United States, and \$1 billion worth to the countries of the European Community.

### The Hungarian Kitchen Abroad

The advantageous general custom reference (GSP) is not only a help to this small country, but also to Americans who love Hungarian food. Hungarian exports arrive in the United States duty free, making Hungarian food, wine and champagne less expensive for Americans to buy. The countries of the European Community have also given preferential treatment to Hungarian exports. An agreement in effect since the spring of 1992 allows food exports to increase up to 10 percent until 1997, and customs duties will be reduced until 1995 with 20 percent annually. These advantages help to ensure a sufficient supply of Hungarian food on the shelves of Western supermarkets.

About half a million Hungarians now live in America or Western Europe. In Hungary, we say that the biggest Hungarian town after Budapest is Cleveland, where nearly 300,000 Americans of Hungarian origin live. They preserve the customs learned from their parents and cook Hungarian meals regularly. Others have come to love Hungarian cooking as well, as is proven by the many Hungarian restaurants that operate in Western cities, where diners can enjoy the unadulterated flavors of the Carpathians. The Hungarian food industry not only satisfies its own nation but accommodates many other customers as well. One of the best examples is our high-quality ham. Some 55 percent of our ham exports find customers in America. Hungarians call this fat-free, appetizingly sliced product "American ham."

### Presentation Counts

There is a long tradition of exporting Hungarian food to Western markets. Hungarians not only want to preserve, but also to develop this custom and continue the mutually advantageous relationship. Hungarian producers are well aware that their Western partners know that Hungarian food products are of higher quality than their packaging would indicate. It is true that until now, we cared more about production than marketing, but the marketing sector is currently being upgraded. A government initiative for a collective food marketing program has received financial support. Its aim could be summarized as "selling goods well." Its goal is not only to search for new markets for the producers but also to encourage quality control. The philosophy of international food marketing is that building up a market is not just an economic task. Customers need to be found, but new products must also be developed and presented to the market in attractive packaging with proof of quality controls. The collective food marketing program is working on the development of an agricultural information system to conduct and disseminate market studies and to offer products made in conformance to international standards.

Visitors to important food industry fairs can meet with the Agromarketing Kft, one of the participants in the program, which provides information upon request on products and passes on messages to make merchants' jobs easier.

### The Sign of Confidence

Another initiative of the Hungarian food marketing program is the development of a trademark, which serves as proof of Hungarian origin and quality. The trademark means that the product contains Hungarian ingredients, was made in Hungary and is of special quality. The trademark is awarded only to products that meet the approval standards of the Hungarian Foodstuffs Book and the standards of the receiving country. The trademark is a sign of confidence. It will be introduced at the Anuga Food Industrial Exhibition in Cologne, Germany. Look for the Hungarian trademark. You will find extraordinary quality!

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## A VOYAGE OF DISCOVERY

"My tourist gospel for Hungary," says Tamas Teglassy, president of the Hungarian Tourist Board, "is that the whole population should be encouraged to support tourism."

Mr. Teglassy returned last year to his home country after nearly 50 years abroad, most of them spent in English-speaking countries. His uphill task is to revamp an industry that had largely grown accustomed to the self-complacency of a "planned economy," where it had been sufficient for the country to bask in the reputation of being the "most cheerful barracks in the bloc." Now Hungary has to change its image as an East European pseudo-paradise and compete on equal terms with the rest of the tourist market.

The first step has been to adopt and, as far as possible, propagate a new corporate identity. "Hungaria" has been chosen as the universally identifiable handle for a country that otherwise rejoices in the unwieldy title of "Magyarország." In an effort to get away from the former horseherd-goulash romanticism, the slogan "Europe's hidden treasure" is intended to draw attention to the true tourist values resulting from 11 centuries of national development in the heart of the continent.

It is not so much the

number of visitors that is at stake. Last year, notwithstanding the drastic reduction in tourists from East European countries, Hungary welcomed 20 million tourists, who spent a total of 105 million nights in the country and an estimated \$1 billion to \$2 billion. The aim, rather, is to improve the quality of the industry by promoting further privatization, encouraging foreign investors, involving

*No longer  
'the bloc's most  
cheerful barracks'*

more individuals in tourism and rapidly realizing an educational and retraining program with more emphasis on the human factor.

Foreign banks are already displaying interest in development possibilities for Hungarian hotels. At the recent World Travel and Tourism Council meeting in Budapest, an approach was mooted to the European Bank for Reconstruction and Development for support for the industry, which generates one job in 15 and is the most important single employer in the country. American Express is already sponsoring instruction in tourist-trade topics at three leading Hungarian secondary schools.

Mr. Teglassy has identified three main sectors on which this qualitative approach should be concentrated: thermal spas and health resorts; congresses, shows, and incentive and business travel; and tourism focusing on entertainment, arts, sports and hobbies.

As far as incentive travel is concerned, he sees Hungary as an ideal target thanks to its unique culture, rich folk traditions, fine gastronomy and viticulture, beautiful capital and, last but not least, hospitality.

In addition to Budapest and Balaton (Europe's largest freshwater lake), major tourist destinations include the lake of Fertő and a 14,000-hectare National Park, which reach across the frontier into Austria. The park offers refuge to some 300 species of birds, including the heron, graylag goose and marsh harrier. The best base from which to explore the region is the exquisitely preserved medieval town of Sopron, which is also the center of a fine wine-growing district. For tourists with a thirst for music, there is the nearby Palace of Ferdo, where Joseph Haydn worked for nearly 30 years at the court of Prince Miklos Esterhazy (known as "The Glorious") and where frequent concerts are given.

From a historical point of view, the south of the country has much to offer.



"Hungarian Versailles": Joseph Haydn worked at the Esterhazy Palace for 30 years.

Worth visiting are Mohacs, where King Lajos II was killed in a Turkish onslaught in 1526; Kalocsa, heart of the paprika-growing industry and known for colorful folklore performances; and Pecs, characterized by its many relics of the Turkish occupation, the Jugendstil Zsolnay porcelain manufacturers and a museum devoted to abstract painter Victor Vasarely, a native son.

The immediate priority for the Hungarian tourist industry is to prepare for the Budapest-based Expo '96, the last world fair of the century. Numerous ten-

ders are still open for construction work in the capital, and many other cities and towns are gearing up to join the preparations. Major road-building contracts have been awarded, including those for the completion of the Hungarian stretch of the Budapest-Vienna highway and of its branch from Mosonmagyaróvár-Rajka on the Slovak border; both contracts have gone to the Hungarian-Austrian-French consortium Euro-Expressway. Before the end of the century, three more highway construction stretches will be put out to tender for an

estimated investment cost of \$2.5 billion to \$3 billion. Modernization of the railway-signaling system will likely be put in the hands of Alcatel-Austria, and digitalization of the whole Hungarian telephone network is already well advanced with the participation of Siemens.

Meanwhile, Malev, Hungary's national flag carrier, recently acquired a partner - Alitalia, its Italian counterpart. The two have set up a frequent flier program. Once completely phased in, the scheme will cover the airlines' joint network. David Hermges

## THE SUMMER OF 1996: READY TO REMEMBER

No one can say the Hungarians are not ambitious. Hardly had they broken the constraints of a centrally planned economy than they voluntarily accepted the task of staging, on their own, a costly and complex world's fair.

The project was to have been a joint two-city show in 1995, with Vienna and Budapest sharing the honors. Austria, however, opted out of the project after a plebiscite, and Hungary decided to go it alone, with a year's delay. Approved by the Paris-based Bureau International des Expositions, Expo '96 will be a full-fledged specialist fair, revolving around the motto "Communication for a Better World."

The decision to proceed was made easier by the fact that 1996 marks the 1,100th anniversary of the settlement of Hungary by the ancient Magyar tribes, and some eye-catching events would have had to be staged anyway. From May 11 to Oct. 4, 1996, at least 12 million visitors are expected, more than the whole population of Hungary. An estimated \$1 billion will be spent on the fair's infrastructure, planning, construction and operation.

The site chosen is a 50-hectare (124-acre) former flood area on the right (Buda) bank of the once unregulated Danube. Clearance work, including disposal of ammunition dumped there at the end of World War II, has been completed. Work is well in hand for the exhibition pavilions - which will be used after the Expo for a new Technical University campus - as well as for hotels, office complexes, luxury apartments and a shopping center taking up 30 hectares on the opposite (Pest) bank of the river. The whole complex is only a 10-minute ride from the city center on a public transport system that is already being upgraded.

The main responsibility for the Expo rests on the shoulders of Etelek Barsi-Pataky, the commissioner-general, who is developing the detailed program. More than 40 countries and international organizations as well as 12 to 15 multinational companies will be participating. They will contribute to the central theme, which points the way to a more hopeful future through the sensible application of technological developments to all aspects of human communications. Apart from person-to-person links using both time-honored and advanced systems (such as interactive voice recognition) as well as futuristic mass communications, Ms. Barsi-Pataky would like to see plenty of space at the Expo devoted to intercultural communications, and the planning of the Expo site has been undertaken with this in mind.

"Hungary, with Expo '96, has shouldered a task that has never before been considered by a country of its size," says Bela Kadar, minister for external economic relations. He adds that he is sure that the fair's visitors, whether professionals looking for business or tourists longing for unforgettable moments, will all spend marvellous days in Budapest during the summer of 1996. D.H.

## A HARD TIME COPING?

Otto von Habsburg, who speaks Hungarian fluently, once described it as "an Asiatic language, mastery of which helps one to understand the Japanese mentality." For those who have difficulty in coping with Hungarian, here are a number of relevant publications in English:

"Expo Business" is a magazine with vital information for those wishing to keep abreast of preparations for the World's Fair (Expo '96) and its commercial aspects. Publisher Gabor Vago will reply to enquiries and can mail local tenders to interested parties. (Write to

Visegradi utca 62, H-1132 Budapest)

"The Calendar of Conferences and Other Events in Hungary," with listings up to 1997, draws attention to no less than three major international congresses devoted to data processing and communications within the next 12 months. The publication covers many other special events, including the big "Photo Expo" opening later this week in the Budapest Sports Hall. (Hungarian Convention Bureau, Kecskemeti utca 14, H-1053 Budapest)

"Spas in Hungary - In Balneis Satus" gives details of the 128 health resorts scattered throughout the country, 30 of them in the capital alone, with an index of all the complaints, from anorexia to uric acid, that can be cured or alleviated. (Hungarian Tourist Board, Vigado utca 6, H-1088 Budapest)

Three profusely illustrated albums in the "Taste Hungary" series are devoted respectively to "Lake Balaton," "Sopron and Surroundings" and "The Hortobagy Region." They are packed with scenic and culinary delights, plus many good recipes. (Corvina Books, Vorosmarty ter 1, H-1050 Budapest)

Meanwhile, for railroad buffs grown restless with armchair traveling, Hungary offers a good choice of old-time excursions:

A "Nostalgia" train runs down to the *puszta* (the dry, low-lying steppes that stretch across much of Eastern Hungary) every week with a steam locomotive and a dining compartment that saw service on the legendary Orient Express. The operator has the exclusive right to use rolling stock that is of museum standard and very valuable. (Tanyacsarda Co., POB 23, H-6050 Lajosmizse)

The "Szechenyi Museum Train, Nagyceknak" and the steam locomotive trips around "Lake Fertő and along the whole network of the Gyor-Sopron-Ebenfurt Railway" are run from Sopron near the Austrian border. (Locomotiv Tourist, Uj utca 1, H-9400 Sopron)

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# BUSINESS

International Herald Tribune, Thursday, October 7, 1993

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### THE TRIB INDEX: 108.89

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.

The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Weighting	Approx. Weighting	Index Value	Prev. Close
Asia/Pacific	25%	25%	125.92	123.75
Europe	40%	40%	108.01	108.08
N. America	35%	35%	93.14	93.11

Industrial Sector	Vol. Close	Prev. Close	% Change
Energy	109.54	109.35	+0.17
Utilities	116.48	113.49	+2.99
Finance	118.37	117.00	+1.17
Services	119.39	117.85	+1.31
Capital Goods	104.55	103.65	+0.87
Raw Materials	105.21	103.54	+1.61
Consumer Goods	90.25	90.15	+0.11
Miscellaneous	114.68	113.37	+1.33

## New MITI Chief Speaks His Mind But Is His Outspokenness Only a Political Tactic?

**By Steven Brull**  
International Herald Tribune

TOKYO — "Big Business in Japan is a hotbed of collusion."  
"We need radical reform of the Japanese economy."  
"If Japan's trade surplus continues, it will be one factor leading to the destruction of the world economy."

These comments may resonate with the frustrations of Western trade officials, but in fact they are views that Japan's powerful minister of International Trade and Industry, Hiroshi Kumagai, has expressed over the past two months.

Perhaps more than anyone else in the coalition government formed two months ago, the feisty 53-year-old trade minister has helped fashion an image of a new, outspoken style of politics in Japan.

Yet political insiders say there may be less than meets the eye to Mr. Kumagai's rhetoric. To many longtime observers, his stridency is less a new face for Japanese politics than an echo of the strong man of the Liberal Democratic Party that dominated Japanese politics for 38 years.

Without doubt, Mr. Kumagai has added substance to the rhetoric of Prime Minister Morihiro Hosokawa, whose coalition overturned the Liberal Democrats last summer with a message of reforming Japan's politics. Mr. Kumagai has openly criticized his fellow cabinet ministers and has campaigned for tougher enforcement of antitrust laws, more transparent public works bidding procedures, and drastic corporate restructuring.

Even then, he has warned, unemployment will rise.

His comments are remarkable for a ministry that was a major architect of Japan's postwar economic miracle. Just a year ago MITI, as the ministry is known, was defending Japan's markets as the most open in the world, and criticizing foreign countries on how unfair their trade policies were.

"These are things that ministers have never said before. That in itself is striking."

A retired MITI official

"These are things that ministers have never said before," said one recently retired MITI official. "That in itself is striking."

"I've been quite struck," said Norman Neuhart, vice president of Texas Instruments Asia Ltd., echoing views common in the foreign community here about the new administration. "Everyone is talking about addressing problems, which is quite salutary."

Yet while Mr. Kumagai's comments are unusually sharp for a MITI official, they are hardly without precedent in Japanese politics. Many observers place his comments within the long tradition of the old ruling party leadership.

To them, Mr. Kumagai's caustic criticisms of the Bank of Japan are reminiscent of Shin

Kanemaru, the disgraced Liberal Democratic kinsman who once threatened to fire the bank's governor, Yasuhide Mieno. In fact, Mr. Kumagai is a close associate of Mr. Kanemaru's protégé, Ichiro Ozawa, a politician whom many consider to be the brains and the brains behind the governing coalition. "He's speaking with more authority than is evident," the former official said.

Even at MITI, Mr. Kumagai's rhetoric is part of a long tradition of inter-ministerial turf battles, in which the agency's ministers try to aid their charges in the business community. Like his predecessors, he has defended MITI, saying recently that "the Japanese economy is one of the most open markets in the area of industrial goods."

"It's not at all surprising," said Haruo Shimada, a Keio University economist and longtime adviser to Mr. Hosokawa. His warnings about economic destruction and rising unemployment in Japan are aimed at reinforcing perceptions that the Japanese economy needs serious medicine, he said.

As such, his views parallel those of Noboru Hatakeyama, MITI's unflinching top negotiator, who resigned earlier this year. "I'm for restructuring our economy," he said. "However, this is quite different from recognizing that our markets are generally closed."

Mr. Kumagai began his career as a MITI bureaucrat in 1964, but dropped out 11 years later. As a member of the Liberal Democratic Party he showed independence, becoming associated more with the party than the bureaucracy he came from, unlike most former

## As Bull Entreats, EC Investigates Past French Aid

**Compiled by Our Staff From Dispatches**

BRUSSELS — The EC Commission said Wednesday it would investigate French state aid for Groupe Bull, the unprofitable state-controlled computer maker that is seeking a 9 billion franc (\$1.59 billion) bailout.

A commission spokesman said the inquiry had been undertaken because the French government and the state-owned France Telecom, which own 90 percent of Bull, had not submitted a restructuring plan to Brussels as they had promised in connection with a 2.5 billion franc infusion in February.

That money, initially described as a loan, has since been integrated into Bull's capital and will not be repaid. It comes on top of subsidies totaling 11.5 billion francs in the decade from 1982 to 1992.

Last month, Bull asked France for an additional 9 billion francs, reportedly on top of the 2.5 billion franc infusion.

A commission official said the EC was waiting for the French government to come up with a restructuring plan in which it was expected to announce the total amount of aid needed to help the computer company get back on its feet. Gérard Longuet, the French industry minister, said that he would present a plan, the official said, adding, "For the moment all the commission has received is a plan set by Bull which has not yet been approved by the French government."

The commission, which can veto state subsidies if it believes the money will damage competition, said that without a restructuring plan the February subsidy could not be exempted from EC state aid rules.

"This is clear state aid," said Bruno Julien, spokesman for Karel Van Miert, the EC competition commissioner. "The only kind of justification for the state aid will be if Bull agrees to restructure the company making it viable without state assistance."

There are three possible outcomes to the inquiry. Either the commission accepts the restructuring plan as it is, or it rejects it outright and obliges Bull to pay back the money, or it reaches some compromise whereby some state aid is permitted.

Bull's request for 9 billion francs in additional aid has caused turmoil in Prime Minister Edouard Balladur's coalition cabinet, just as the government's effort to sell state companies is starting.

According to French press reports, Finance Minister Edmond Alphandery, who is politically close to Prime Minister Balladur of the Rally for the Republic party, favors giving Bull the 9 billion francs it is seeking on the understanding that it will be a once-and-for-all injection of funds, which would put the company definitively back on its feet.

In contrast, Alain Madelin, a member of the centrist Union for French Democracy and the minister for small industries, is opposed to the plan, saying it would amount to pouring two years' tax payments from small businesses into a monopolistic computer company.

The cabinet debate is mirrored by disagreements over what Bull's strategy should be.

The discussion has focused on whether Bull should specialize in designing computer systems for companies and offices, a business known as systems integration, or continue to build a broad cross-section of computer products.

There is no easy solution. "Systems integration is a very crowded market," said Philippe de Marchais, an analyst at Datquest Europe in Uxbridge, England.

Annual sales tumbled 27 percent from 1989 to 1992, to just 30.19 billion francs last year, and skidded 9 percent in the first half of this year. The company has slashed 12,000 jobs since 1989, reducing its workforce to 35,000.

But Bull's efforts at cutting back on surplus employees are being stymied. Like other state companies, it is under pressure from the government not to lay off workers at a time of 11.7 percent unemployment in France.

(Bloomberg, Reuters, AFP, AP)

## Allianz Reveals Key Share Holdings

**Bloomberg Business News**

MUNICH — Allianz HG Holding, Germany's largest insurer, revealed Wednesday a number of previously unknown shareholdings in major German industrial companies in a bid to comply with new European Community disclosure guidelines due to come into force in 1994.

The investments that were revealed included a 14.4 percent stake in chemicals company BASF AG, a 12.9 percent holding in the electric company RWE AG, a 12.1 percent stake in the power company VEBA AG, and 14.8 percent of the construction company Linde AG.

Allianz also announced that its premium income rose 21.5 percent to 33.3 billion Deutsche marks (\$26.6 billion) in the first half of 1993.

Based on current exchange rates, Allianz said it expected premium income to reach over 62 billion DM in the full year, up more than 14 percent from 1992.

Regarding the revelations about shareholdings, the company stressed that the holdings published Wednesday referred to the end of June and that they might have changed since then.

"It's a political signal," said Emilio Galli Zugaro, a spokesman for Allianz, claiming that it was the

first German insurer to provide such comprehensive disclosure of corporate investments. "We want to demonstrate that we've become more open."

Other holdings include a 16.9 percent stake in Berliner Handels- & Frankfurter Bank AG and 11 percent in electrical utility Rheinflektura AG.

Allianz has about 69 billion DM invested in shares. The share stakes revealed Wednesday had a market value of 8.9 billion DM on June 30.

Share stakes revealed in last year's annual report included a 22.9 percent holding in Dresdner Bank AG and 24.8 percent of Bayerische Hypothek- & Wechsel-Bank AG.

Regarding the company's results, Allianz's chief executive, Henning Schulte-Noelle, said that the company could expect a further reduction in its underwriting loss "if we aren't hit by unusual large claims before the year end." The group's underwriting loss shrank slightly, to 1.68 billion DM in 1992 from 1.78 billion DM in the year before.

Mr. Schulte-Noelle also predicted an improvement in overall earnings for 1993, and said this should permit the payment of an unchanged dividend of 13.50 DM.

## INTERNATIONAL MANAGER

### Can a Little Social Conflict Help German Economy?

**By Brandon Mitchener**  
International Herald Tribune

F RANKFURT — While some worry that labor strife may jeopardize Germany's social harmony, the chairman of the country's biggest bank says a little conflict is just what Germany needs to get back on its feet. "We Germans have an insatiable need for social harmony and too little conflict culture," Hilmar Kopper, chairman of Deutsche Bank AG, told foreign journalists here this week.

As chairman of a bank whose influence, through equity investments, extends across all of corporate Germany, Mr. Kopper had few kind words for the country's labor market.

"We have far too little market economics in Germany," he said Tuesday night, "especially in the job market, which is really an overregulated, inflexible regime."

Mr. Kopper said costly labor compromises tailored to avoid conflict often hurt workers more than help them.

"Because everything is so slow and expensive, people are much more cautious to hire new workers when the economy shows signs of an upturn," Mr. Kopper asserted.

The umbrella organization that represents companies in the West German automotive, electronics and engineering industries recently took the unprecedented step of canceling a labor contract. The action put employers on a confrontation course with unions, which historically have been the ones to make that kind of move to bargain for better terms.

Although IG Metall, the country's biggest union, described the action as a "declaration of war," Mr. Kopper said he did not fear any social turmoil as a result of growing unemployment.

While unions have used words like those to protest cuts in wages and benefits, many workers who have been polled in surveys have said they were willing to accept pay freezes or make wage concessions to preserve jobs.

Even in the banking sector, where profits have surged on a wave of international expansion, Mr. Kopper warned, cutbacks are far from over. "In Germany, our bank has had fewer workers at the end of each of the last three years than it had at the start of each year," he said. "Worldwide, we're growing, but this year we'll have 1,500 people fewer in Germany." He said that the same was true at other German banks.

Some of the financial sector's cutbacks result from the introduction of new technology, while others are a reaction to growing competition from public-sector banks, he said.

### Nike Gets A Jordan Dunking

**Bloomberg Business News**

CHICAGO — Nike Inc. shares slumped Wednesday by \$1 to \$45 on the news that Michael Jordan has decided to end his illustrious basketball career.

With a new "Air Jordan" sneaker line awaiting shipment in November, Mr. Jordan's retirement from the game he dominated for almost a decade will cause Nike to rethink its advertising strategy, the company said.

Mr. Jordan said at a news conference that he would continue to endorse products, but analysts questioned whether a retired superstar could be as effective a pitchman as one who was still playing.

"This is certainly not good news for the company," said Michael Shea, who follows Nike for the Charter Investment Group. "They weren't planning for his retirement for at least another three years."

Ron Parham, a Nike spokesman, said new strategies would be created since Mr. Jordan "won't be scoring 50 points a night." But he said that Mr. Jordan's relationship with the company would not change substantially.

## Making a U.S. 'Supercar': The Elements Are There

**By Matthew L. Wald**  
New York Times Service

NEW YORK — In recruiting U.S. weapons laboratories to create an environmentally correct "superautomobile," the Clinton administration is seeking to protect the American right to a private car.

But the 10-year cooperative project by the government and Detroit, announced last week, will require radically new technologies for solving the American auto industry's long-standing problems: air pollution, overreliance on imported oil and the loss of market share to imports.

Some skeptics say it cannot be done, and they chide the government for putting such effort into preserving the "car in every garage" ideal instead of promoting mass transportation or land use policies that require less transportation.

But other analysts say that various components could be pulled together to do the job: electric motors with batteries, fuel cells or flywheels to deliver electricity, plus lightweight, aerodynamic car bodies.

"We've had the steel-bodied car with the internal combustion engine for 80 years now," said Christopher Flavin, a car expert

at the Worldwatch Institute, an environmental organization in Washington. "If we step out of that, it's a revolution."

The significance of the steel body is its weight, and the weight problem compounds itself in every element of overall car design. Whatever the weight of the body, the engine must be big enough to accelerate that weight from a standing start to highway speed in a few seconds.

Today, that means a very powerful engine, which itself is very heavy. And that heavy engine must lug itself around even though most of the time only a fraction of its horsepower is being used.

Heavy engines and bodies also translate to heavier tires, steering gear and brakes. Instead of steel, some other type of material would be necessary for the supercar body, a composite or carbon fiber like "the stuff they make tennis rackets out of," Mr. Flavin suggested.

Such materials are available now, but they are not considered cost competitive with

## Shares Set Highs in Europe on Hope For Economy and Calm in Russia

**Reuters**

Share prices soared again Wednesday on major European exchanges, with market indexes in Frankfurt, London and Zurich setting records as market participants took the return of order in Moscow as a signal to buy aggressively.

Falling interest rates and optimism that many of the world's major economies are on the verge of recovery also propelled prices.

The European component of the International Herald Tribune World Stock Index ended at 109.01, up 0.86 percent.

In Germany, the 30-share DAX index ended at 1987.05, adding 14.32 points to Tuesday's 49-point rally. The index began the day at its

highest ever, 1,994.08, and drifted down on light profit-taking throughout the day. But dealers said the bull trend was still intact, and that the index would test the 2,000 level in the next few days.

The surrender in Moscow of conservative opponents of President Boris Yeltsin on Monday was the catalyst for the sharp gains, traders said.

But economic factors also were at work. "I don't think interest rates will come down tomorrow, but interest rates are unquestionably on their way down, and this fact is driving the market," one trader said.

Indications this week that the German economy could be starting to crawl out of recession had spurred many foreign investors that now was the time to buy, another trader said.

In London, demand from overseas and U.K. institutional investors pushed the Financial Times-Stock Exchange 100-share index to a record 3,100.80, up 15.60, as investor interest continued to create widespread stock shortages, dealers said. The index just beat its previous high of 3,100.6, set in August, after touching an intraday peak of 3,116.3.

Prospects for economic growth and speculation about an interest-rate cut during this week's conference of the governing Conservative Party were cited as factors behind the rally.

Some analysts, however, said the recent rush of money into equities was typical of a market reaching its peak. Robin Aspinall, chief economist at Panmure Gordon, said, "If there is a single moment you would expect the market to peak, it's just happened."

But there was not yet enough evidence to say this market had reached its top. Technical factors indicate the FT-SE 100-Share Index might have almost another 100 points to go, he said.

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**Market Myths and Duff Forecasts for 1993**

The US dollar will move higher, precious metals have been depressed, Japanese equities are not in a new bull phase. You did not expect to see this. The International Investment Centre has produced a special issue (no. 2) of its quarterly publication "Market Myths and Duff Forecasts" for 1993. It is available for £5.00 (plus postage) from the Centre, 100 Broad Street, London W1R 7ND, UK. Tel: London 71-433 4661 (071 in UK) or Fax: 71-433 2656.

For further details on how to place your listing, contact: PATRICK FALCONER in London. Tel: (44) 71 836 48 02. Fax: (44) 71 240 2254.

Herald Tribune.

## CURRENCY & INTEREST RATES

Cross Rates	Oct. 6	Oct. 6	Oct. 6	Oct. 6
American \$	1.00	1.00	1.00	1.00
British £	0.76	0.76	0.76	0.76
French FF	166.63	166.63	166.63	166.63
German DM	1.49	1.49	1.49	1.49
Japanese ¥	148.40	148.40	148.40	148.40
Swiss Sfr	1.48	1.48	1.48	1.48
Canadian Cdn\$	0.70	0.70	0.70	0.70
Australian A\$	0.75	0.75	0.75	0.75
Spanish Ptas	166.63	166.63	166.63	166.63
Italian Lira	2036.27	2036.27	2036.27	2036.27
Portuguese Esc	200.48	200.48	200.48	200.48
Swedish Krona	136.48	136.48	136.48	136.48
Norwegian Kr	136.48	136.48	136.48	136.48
Danish Kr	136.48	136.48	136.48	136.48
Israeli Sheq	3.48	3.48	3.48	3.48
Thai Baht	24.64	24.64	24.64	24.64
Philippine P	48.15	48.15	48.15	48.15
Indonesian Rp	1,577.81	1,577.81	1,577.81	1,577.81
Singapore S\$	0.68	0.68	0.68	0.68
Malayian M\$	2.36	2.36	2.36	2.36
Hong Kong HK\$	7.75	7.75	7.75	7.75
New Zealand NZ\$	0.62	0.62	0.62	0.62

Eurocurrency Deposits	Oct. 6	Oct. 6	Oct. 6
1 month	5 1/8	5 1/8	5 1/8
3 months	5 3/8	5 3/8	5 3/8
6 months	6 1/8	6 1/8	6 1/8
1 year	6 3/4	6 3/4	6 3/4

Key Money Rates	Oct. 6	Oct. 6	Oct. 6
3-month Treasury bill	5 1/8	5 1/8	5 1/8
90-day Treasury bill	5 1/8	5 1/8	5 1/8
1-year Treasury note	6 1/8	6 1/8	6 1/8
2-year Treasury note	6 3/4	6 3/4	6 3/4
3-year Treasury note	7 1/8	7 1/8	7 1/8
10-year Treasury note	8 1/8	8 1/8	8 1/8
30-year Treasury bond	9 1/8	9 1/8	9 1/8
1-year commercial paper	5 1/8	5 1/8	5 1/8
3-month commercial paper	5 1/8	5 1/8	5 1/8
6-month commercial paper	5 1/8	5 1/8	5 1/8
1-year commercial paper	5 1/8	5 1/8	5 1/8
1-month Eurocurrency deposit	5 1/8	5 1/8	5 1/8
3-month Eurocurrency deposit	5 3/8	5 3/8	5 3/8
6-month Eurocurrency deposit	6 1/8	6 1/8	6 1/8
1-year Eurocurrency deposit	6 3/4	6 3/4	6 3/4

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MARKET DIARY

Semiconductors Recharge Stocks

NEW YORK — Share prices edged higher Wednesday in a market buoyed by a rebound in semiconductor shares, a steady U.S. bond market and expectations that U.S. employment figures this week will show an improving economy.

Analysts said the market was also underpinned by expectations that many U.S. companies will show strong third-quarter earnings.

The Dow Jones industrial average rose 11.73 points, to 3,598.99. Broader stock indexes were mixed, with the Nasdaq Composite Index rising 2.52 to 764.77, while the Standard & Poor's 500 index fell 0.46 to 460.74.

U.S. Panel's Remarks Lead to Lower Dollar

NEW YORK — A Federal advisory panel suggested Wednesday that the dollar was too high against European currencies, and foreign-exchange dealers reacted by quickly pushing it down.

The dollar fell to 1.6230 Deutschmarks. The Swiss franc bucked the trend, as the dollar edged up to 1.4250 francs from 1.4224.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Singapore, Stockholm, Toronto, and Zurich. Columns include Class, Prev., and various stock indices.



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Vietnam to Get \$223 Million Loan WASHINGTON (AP) — Vietnam got an offer Wednesday of \$223 million in loans from the International Monetary Fund, its first to Vietnam in 12 years.

Goodyear to Post Higher Earnings AKRON, Ohio (Combined Dispatches) — Goodyear Tire & Rubber Co. said Wednesday it expected third-quarter net income to rise to between \$130 million and \$135 million from \$91 million a year earlier.

ITT Has \$1 Billion Las Vegas Plan LAS VEGAS (AP) — ITT Corp. plans to build a \$1 billion, 3,000-room resort on property bought from billionaire Kirk Kerkorian, the company said.

Diet Coke Ad Account Is Shifted NEW YORK (NYT) — Coca-Cola Co. has moved its main Diet Coke advertising account from the agency that helped introduce the brand in 1982.

For the Record Chemical Banking Corp.'s chairman, John McGillicuddy, said strong trading revenue would bring record third-quarter earnings for the company.

Institutions Race for BNP PARIS — France said on Wednesday its offer of shares to French and foreign institutions in the privatization of Banque Nationale de Paris had been oversubscribed more than 12 times and was closed.

U.S. FUTURES Wheat, soybeans, and other futures markets showing price movements and volume.

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Table of Livestock including Cattle, Hogs, and others.

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Large advertisement for Polish Market Corn on the Cob, featuring a corn cob and the text 'Polish Market Corn on the Cob' and 'ADMINISTRATIVE'.



# Polish Market Treasures Junk Food

## From Corn on the Cob to Pizza, a Consuming Passion

By Jane Perlez  
New York Times Service

**WARSAW** — Poles love pizza. But Pizza Hut did not know they loved pizza that much. Or that they would fall for corn on the cob, or burritos, or for that matter, Taco Bells.

After six weeks, PepsiCo Inc.'s first three-in-one restaurant outside the United States, with a Pizza Hut, Kentucky Fried Chicken and Taco Bell under one roof, has proved an overwhelming success. So much so that planned television advertisements were shelved for fear of swamping the restaurant with customers. For two days, corn on the cob ran out.

"We're doing much more business than in Moscow," gloated Nick Howle, business development manager in Eastern Europe for Pizza Hut, who was involved in the company's Moscow opening three years ago. "In Moscow, we thought we had to be there if business was going to happen. We thought of it as a stepping stone. But Poland is a main focus for Pizza Hut. We're committed."

American fast-food chains have discovered that Poland is a wide-open market. The only real questions are whether Polish corn is up to snuff with the Hungarian imports the restaurants have been using and whether local potatoes will ever make a decent french fry. For now, PepsiCo is importing those, too.

Four years along the road to a market economy, the Poles are showing many of the attributes of fast-food devotees. Poles have more disposable income than before. Life styles are changing so that the traditional heavy hot meal at 4 P.M., the end of the workday, has given way to the Western convention of lunch, more work and then dinner.

As with fast-food eaters the world over, Poles like to be in American-style, squeaky-clean surroundings. The interior of the three-in-one restaurant at Warsaw's Bank Square is decorated with murals of Chicago, which has the largest population of Poles outside Poland.

"We're doing about double the number of transactions we expected," said Paul Clark, the operations manager, as he passed an eye over

"We're doing much more business than in Moscow."

Nick Howle, business development manager in Eastern Europe for Pizza Hut.

crowded tables and checked how the sour cream was being prepared for the burritos. "We'd predicted about 15,000 transactions a week. We're doing 25,000."

The restaurant's flying start seems to confirm PepsiCo's faith in Poland. In August, the company announced it was investing \$300 million over five years in Poland. About 40 percent of that would go to soft drinks, 20 percent to snack food and 20 percent to the restaurants, said D. Wayne Calloway, PepsiCo's chairman, when he opened the restaurant.

So far, PepsiCo has one other Pizza Hut in Warsaw, a gleaming shopping-mall location in a well-to-do suburb. Four more are planned in the capital before the end of the year, including a Pizza Hut in the restored Old Town. Next

year, the company will venture to some of Poland's other cities, including the cultural and university center of Cracow.

McDonald's Corp. has been in the Polish market longer and set records of its own. In 1992, the Warsaw McDonald's had 31,000 transactions on its opening day, and last month, a venue in Gdansk on the Baltic Sea outdid that number by 3,000 on opening day.

Burger King has opened four restaurants in Warsaw and plans 50 across the country in the next five years, said Magdalena Grzelewska, the marketing director for the International Fast Food Corp., the franchiser in Poland for Burger King and a wholly owned American subsidiary of Capital Acquisitions Inc.

"There's still lots and lots of room for all of us in Poland," Ms. Grzelewska said. "The market is far from saturated."

Doing business in Poland is not easy, executives said. Inflation at 35 percent and a recent devaluation of the zloty complicate matters. But costs for Pizza Hut in Poland are substantially lower than in Moscow, where most of the food has to be imported, Mr. Howle said.

Pizza by the slice is the big hit at the three-in-one restaurant. It seems priced just right, from 15,000 zlotys to 24,000 zlotys (79 cents to \$1.26). The crust is chunkier than the feeble, pale efforts of most Polish pizza, and a Hawaiian recipe with ham and pineapple — no unfamiliar fruit in Poland — is the top seller, said Jack Bredzewicz, the Pizza Hut manager.

"We've been to the United States three times," said Leszek Bubel, a businessman who brought his family to Pizza Hut for a Sunday meal. "When I'm here I feel I'm back in the States. This is our second time. We're going to come and try everything on the menu."

# Spain Urges VW To Keep SEAT As 'Intact Unit'

Compiled by Our Staff From Dispatches

**MADRID** — Deputy Prime Minister Narcis Serra said after a meeting with the chairman of Volkswagen AG, Ferdinand Piëch, that VW's loss-ridden Spanish unit SEAT SA should be kept as an "intact unit."

Mr. Serra met for two and a half hours with Mr. Piëch and Volkswagen's purchasing chief, José Ignacio López de Arriortua, discussing the future of Spain's former state-owned automaker in the prime minister's office.

The meeting, which had been moved forward from Thursday, also was attended by Werner Schmidt, director of production at Volkswagen, and Hans Dieter Wiedeheld, who is responsible for affiliated companies at the German carmaker.

Mr. Serra said the solution to SEAT's problems should be to strengthen its "business capacity" in the automobile market, which he said meant keeping its trademark and its capacity to design and develop new models, as well as giving it "total autonomy in purchasing and its own retail network."

Mr. Piëch said he agreed with Mr. Serra on general objectives as well as on the need to allow the company to recover its competi-

tiveness. He also said SEAT had to improve its productivity to be more competitive.

Mr. Serra said the talks between the government and VW would continue.

Trade unions are concerned that SEAT will close one of its three factories, most likely the Zona Franca plant in Barcelona, which employs 10,300, nearly half of the Spanish automaker's work force.

The daily newspaper ABC reported Wednesday that SEAT officials wanted VW to convert the plant into a parts supplier, preserving most of its jobs.

SEAT and VW have declined to comment on press reports that SEAT was likely to have a loss of about 73 billion pesetas (\$555.8 million) this year. In 1992, it had a loss of 12.76 billion pesetas.

The automaker's troubles were highlighted by the resignation of the SEAT chief executive, Juan Antonio Diaz Alvarez, last week after VW's management board rejected a restructuring plan put forward by SEAT's management.

The VW board said the plan, which included 5,000 job cuts, did not go far enough to ensure the long-term health of SEAT. (Bloomberg, AP)

## Investor's Europe

Exchange	Index	Wednesday Close	Previous Close	% Change
Frankfurt DAX	FTSE 100 Index	2,695.09	2,695.09	+0.00
London CAC 40		2,345.80	2,345.80	+0.00
Paris CAC 40		2,345.80	2,345.80	+0.00
Amsterdam	CBS World	127.90	126.90	+0.79
Brussels	Stock Index	6,759.09	6,698.97	+0.93
Frankfurt	DAX	1,987.05	1,972.73	+0.73
Frankfurt	FAZ	759.99	753.97	+0.72
Helsinki	HEX	1,457.72	1,456.94	+0.05
London	Financial Times 30	2,355.60	2,345.80	+0.42
London	FTSE 100	3,100.80	3,085.20	+0.51
Madrid	General Index	291.14	289.04	+0.73
Milan	MIB	1,321.00	1,313.00	+0.61
Paris	CAC 40	2,164.46	2,158.77	+0.26
Stockholm	Affarsveckandern	1,612.89	1,617.06	-0.26
Vienna	Stock Index	429.82	427.64	+0.51
Zurich	SBS	865.00	860.00	+0.58

## Very briefly:

- Credit Suisse and Swiss Volksbank, which merged in January, will close 62 branches over the next year to streamline their retail network. President Josef Ackermann of Credit Suisse said the merger had already resulted in savings of 65 million Swiss francs (\$45.6 million).
- West German industrial orders fell 2 percent in August after rising 2.3 percent in July. Economists said the drop did not signal a setback for industry, as the two months' data added up to a rise of 0.5 percent.
- British new-car sales rose 11.7 percent in September from a year earlier, to 136,100, the Society of Motor Manufacturers and Traders said, and were up 11.8 percent for the first nine months, at 1.45 million.
- Fininvest SPA appointed Franco Taito managing director to restructure the group, a company official said. (Bloomberg, Reuters, AFP)

# Eurofighter's Takeoff Delayed Again

**BONN** — The maiden flight of the Eurofighter has been delayed again because further tests of its advanced controls are needed in the wake of recent crashes of planes developed by competitors, its manufacturer said Wednesday.

The Munich-based Eurofighter Jagdflugzeug GmbH said "recent aircraft crashes" had undermined the importance of the flight control system software for the flight safety of a modern jet fighter.

"Eurofighter has therefore decided that a further testing phase should be undertaken before flight qualification is granted," the consortium said. "As a result, it is unlikely that the first development

aircraft will fly this year as previously planned."

The twin-engine plane is being built by a consortium in which Daimler-Benz AG of Germany and British Aerospace PLC each own 33 percent, while Italy's Alenia SpA holds 21 percent and Spain's Construcciones Aeronauticas SA has 13 percent.

Spokesmen for Eurofighter and Deutsche Aerospace AG, a unit of Daimler-Benz, would not identify the competitors. But project leaders are known to have been worried by the crash of a Swedish fighter at an air show in Stockholm in August and the crash of Lockheed Corp.'s F-22 stealth fighter plane prototype in April 1992.

"After consultation with the customers and all parties concerned, there is complete agreement that the first flight should take place when they have absolute confidence in the airworthiness of the software," it said.

The consortium added that a further delay was not likely to have a serious impact on the program.

Deutsche Aerospace officials had said last month that the Eurofighter, which was originally scheduled to fly in September 1991, was on track for its first takeoff this year at a German airbase.

But they acknowledged that they had been concerned about the recent crash of the Gripen, a potential rival which is being developed

by an industrial consortium led by Saab AB for the Swedish air force.

Next-generation warplanes such as the Eurofighter and Gripen have sophisticated flight controls based on computers maintaining aerodynamic stability and leaving the pilot free to do battle.

But a preliminary report by Swedish investigators said that the Gripen's pilot had confused the plane's electronic steering system and had caused the jet to stall.

The Eurofighter, which had been scheduled for delivery to the four air forces in the next few years, was renamed Eurofighter 2000 in 1992 and cost overhaul in a design to keep Germany in the project.

# Tietmeyer Offers Hint Of Bundesbank Easing

Compiled by Our Staff From Dispatches

**FRANKFURT** — Hans Tietmeyer, the new president of Germany's central bank, on Wednesday held out the prospect of interest-rate cuts but indicated the Bundesbank would not risk fueling inflation.

In an interview with the weekly newspaper Die Zeit, to be published Thursday, Mr. Tietmeyer pointed to a recent slowdown in monetary growth and said inflation would probably start easing soon.

"If all this is taken as a basis for the right decisions in other areas, I'm convinced we don't necessarily have to maintain the level of our short-term rates, but the level of short-term rates can probably drop," said Mr. Tietmeyer, who took the Bundesbank helm Friday. "Forced interest rate [cuts] would, however, only fuel inflationary expectations."

Economists said they did not expect a cut in rates Thursday, when the central bank holds its first meeting under the new president. (Reuters, Bloomberg)

# Société Générale Profit Gains

Compiled by Our Staff From Dispatches

**PARIS** — The French bank Société Générale reported on Wednesday that its net profit on a group share basis rose 5.2 percent in the first half, to 2.16 billion francs (\$380 million).

Chairman Marc Vienot added at a news conference that the big bank's gross operating profit jumped 21.3 percent in the half, to 6.69 billion francs, against 5.52 billion for the first six months of last year.

Consolidated net banking in-

come was up 9.5 percent, to 20.22 billion francs, from 18.46 billion francs a year earlier. However, on an unchanged consolidation basis calculated in accordance with European Community rules, the rise was 11.0 percent.

Loan-loss provisions rose by 3.2 percent, to 3.53 billion francs from 3.42 billion in the year-earlier period.

Mr. Vienot said that first-half profit was bolstered by strong gains in Société Générale's trading activities. (AFP, Knight-Ridder)

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**Wednesday's Prices**  
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

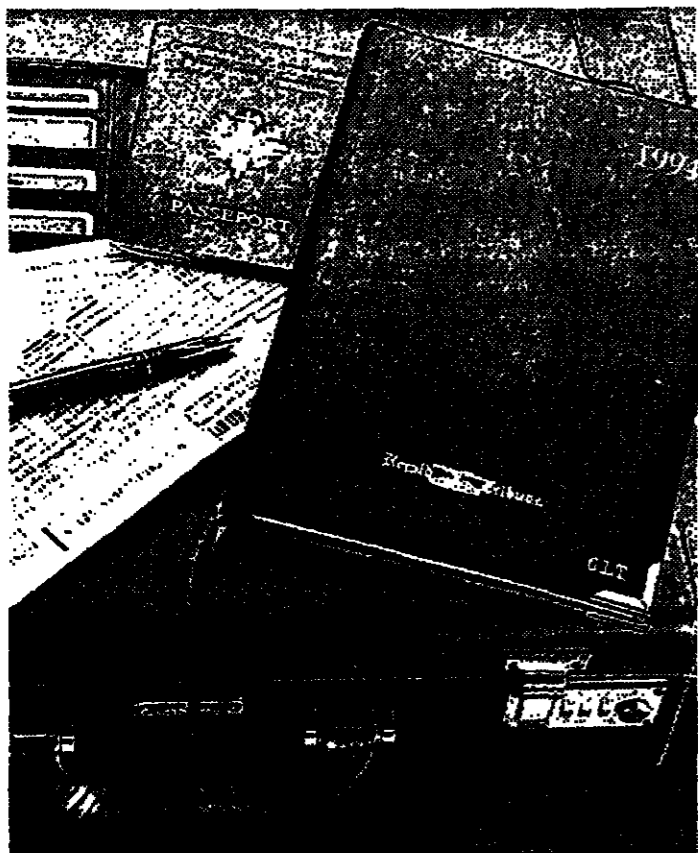
12 Month High	12 Month Low	Stock	Div	Yld PE	High	Low	Local	Close
120	100	IBM	6.00	12.5	120	115	118	118
100	80	Microsoft	0.00	15.0	100	95	98	98
80	60	Apple	0.00	10.0	80	75	78	78
60	40	Oracle	0.00	12.0	60	55	58	58
40	20	Novell	0.00	11.0	40	35	38	38
20	10	Lotus	0.00	10.0	20	15	18	18
10	5	Intuit	0.00	12.0	10	8	9	9
5	2	Visa	0.00	15.0	5	4	4	4
2	1	MasterCard	0.00	14.0	2	1	1	1

12 Month High	12 Month Low	Stock	Div	Yld PE	High	Low	Local	Close
150	120	AT&T	0.50	15.0	150	140	145	145
120	100	Verizon	0.00	12.0	120	110	115	115
100	80	WorldCom	0.00	11.0	100	90	95	95
80	60	Sprint	0.00	10.0	80	70	75	75
60	40	Qwest	0.00	9.0	60	50	55	55
40	20	Southwest	0.00	8.0	40	30	35	35
20	10	Delta	0.00	7.0	20	15	18	18
10	5	American	0.00	6.0	10	8	9	9
5	2	United	0.00	5.0	5	4	4	4
2	1	JetBlue	0.00	4.0	2	1	1	1

12 Month High	12 Month Low	Stock	Div	Yld PE	High	Low	Local	Close
100	80	Boeing	0.00	12.0	100	90	95	95
80	60	Lockheed	0.00	11.0	80	70	75	75
60	40	Raytheon	0.00	10.0	60	50	55	55
40	20	Northrop	0.00	9.0	40	30	35	35
20	10	Boeing	0.00	8.0	20	15	18	18
10	5	Lockheed	0.00	7.0	10	8	9	9
5	2	Raytheon	0.00	6.0	5	4	4	4
2	1	Northrop	0.00	5.0	2	1	1	1
1	0.5	Boeing	0.00	4.0	1	0.8	0.8	0.8
0.5	0.2	Lockheed	0.00	3.0	0.5	0.4	0.4	0.4

12 Month High	12 Month Low	Stock	Div	Yld PE	High	Low	Local	Close
100	80	General Electric	0.00	12.0	100	90	95	95
80	60	Westinghouse	0.00	11.0	80	70	75	75
60	40	Lockheed Martin	0.00	10.0	60	50	55	55
40	20	Raytheon	0.00	9.0	40	30	35	35
20	10	Boeing	0.00	8.0	20	15	18	18
10	5	Lockheed	0.00	7.0	10	8	9	9
5	2	Raytheon	0.00	6.0	5	4	4	4
2	1	Northrop	0.00	5.0	2	1	1	1
1	0.5	Boeing	0.00	4.0	1	0.8	0.8	0.8
0.5	0.2	Lockheed	0.00	3.0	0.5	0.4	0.4	0.4

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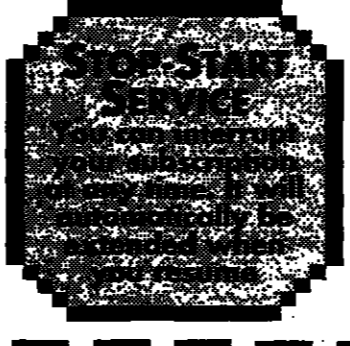
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**Herald INTERNATIONAL Tribune.**

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## Steel Jobs May Be Cut At Nippon

**Bloomberg Business View**  
**TOKYO** — In the latest sign of trouble in Japan's steel industry, Nippon Steel Co., the world's largest steelmaker, said Wednesday it was working on an extensive restructuring plan that could include job cuts.  
 A restructuring committee will present its recommendations by the end of the month, a spokesman said, and specific plans for changes in management will be ready by the end of the year.  
 The spokesman denied a report that Nippon Steel would cut 3,000 administrative and sales employees over the next three years. He said there may be job cuts but that the number had not been decided. Nippon Steel currently employs 20,000 white-collar workers.  
 Japan's four other leading steelmakers have also embarked on major restructuring programs to cope with slumping sales.  
**Hitachi Weighs Work Cuts**  
 Hitachi Ltd. is considering having workers at its video-equipment factories take two or three extra days off a month with pay, the Associated Press quoted a company official as saying.  
 Yoshiko Shibato, the official, said the step would be in response to declining demand for videotape recorders worldwide.  
 Production at Hitachi's two VTR plants in Ibaraki and Fukushima prefectures in northern Japan has been running at one-third of capacity in recent months, Ms. Shibato said.

## A Power-Hungry China Electricity Industry Seeks \$25 Billion

**Compiled by Our Staff From Dispatches**  
**BEIJING** — China's thirst for electricity to drive its economic boom will require as much as \$25 billion in foreign investment over the next eight years to build new generators and power stations, officials were quoted as saying Wednesday.  
 "We welcome foreign business people to start joint ventures or solely owned projects," an official at the Power Industry Ministry said in the China Daily.  
 The official said foreign investment was essential for Beijing to meet its goal of almost doubling generating capacity to 310 million kilowatts by 2000.  
 China's current generating capacity is 180 million kilowatts, and its appetite for electricity, to run factories and power the VCRs, refrigerators and air conditioners that its changing society and economy demand, is growing nearly 10 percent a year.  
 The growth in demand has caused rolling blackouts that have affected as many as 40 percent of the country's industries, especially in its rapidly growing urban and coastal areas.  
 The state plan to invest \$9.3 billion in the power-generating sector this year fell short after some banks diverted funds intended for power projects into speculative property deals.  
 Emergency loans were made, and Beijing said it was considering scrapping state controls on electricity pricing to provide for-

Overseas investors in China's power industry will be allowed to take their profits in foreign currency.

and five others had been submitted to the central government.  
 "More than \$8.2 billion from abroad is expected for the 14 proposed power projects, one of which is solely foreign-owned," the official newspaper said, without giving details.  
 It said the 14 projects would have a total generating capacity of 20 million kilowatts and that about 85 percent of the generators would be imported.

Under current agreements, foreign investors will run the power plants jointly with Chinese partners for 20 years, then turn their shares over to China.  
 In a related announcement, three Canadian companies — Ontario Hydro, Hydro Quebec and Power Corp. of Canada — said Wednesday in Beijing that they had set up a partnership to invest in power projects in China and other Asian countries.  
 The partnership, Asia Power Group Inc., will be set up with an initial investment of 100 million Canadian dollars (\$72 million), shared equally by the three companies. Ontario Hydro added that the group would have an office in Hong Kong.  
 The announcement was made during a visit to Beijing by the chairman of Ontario Hydro, Maurice Strong and Paul Desmarais, an official of Power Corp., who met with Chinese power-industry officials. Andrew Szende of Ontario Province's Hong Kong office said they did not discuss involvement in any specific Chinese power projects.  
 Ontario Hydro and Hydro Quebec are the largest utilities in North America. They have not previously invested in power projects outside Canada. Mr. Szende said. Power Corp. is a holding company with businesses in Canada and Europe, he said. (Reuters, AP, Bloomberg)

## Taiwan Aerospace Plans Oct. 19 Vote On BAe Venture

**Compiled by Our Staff From Dispatches**  
**TAIPEI** — Taiwan Aerospace Corp. said Wednesday that its board would vote on Oct. 19 whether to proceed with a planned manufacturing venture with British Aerospace PLC, while a government official put pressure on the British company to agree to terms.  
 Yang Shih-chien, deputy economics minister, told state television: "The government has pledged the assistance it was asked to provide, and there are steps we can take. But if the company does not produce results, the steps cannot be taken and the assistance cannot be provided."  
 Under an agreement struck in January, British Aerospace and Taiwan Aerospace planned to set up a joint venture, AVRO International, to produce the RJ family of regional jets currently made by BAe.  
 The deal became bogged down on financing and a complaint that BAe was unwilling to give guarantees of technology transfer for an advanced plane, the RJX. There has been fierce parliamentary opposition to the venture in Taiwan.  
 But Ian Woodward, a spokesman for BAe in London, said agreement had been reached on the extent of technology transfer and financial support by Taiwan banks. "Financing is in place. I don't think there are any show stoppers," he said. "There are details that have to be settled but there are no fundamental disagreements on principles."  
 Taiwan Aerospace, which is 29 percent government-owned, cur-

rently has only a small assembly plant for fighter jets. Financing problems stalled its attempt in 1991 to form a civil aircraft venture with McDonnell Douglas Corp.  
 Formed in 1991, Taiwan Aerospace was meant to be a vehicle for the country to develop an aerospace industry. But it is having difficulty persuading private Taiwanese companies to invest in it.  
 Chu Sing, acting president of Taiwan Aerospace, said on state radio the company would decide Oct. 19 whether to proceed with the BAe venture. He was responding to reports the deal was near collapse.  
 The mass-circulation United Daily News, in a report echoed by other newspapers, quoted an unnamed senior cabinet official as saying the deal was "alive in name but dead in reality."  
 Questions about the deal have weighed on BAe's stock price this week. In London, it fell 11 percent (17 cents), to 400 pence, after dropping 11 pence on Tuesday.  
 The deal would allow BAe to reduce its involvement in unprofitable operations and tap a booming aircraft market in Asia. But if the arrangement collapses, the company might face extensive charges and layoffs.  
 (Reuters, AFP, AP, Bloomberg)

Investor's Asia			
Exchange	Index	Wednesday Close	% Change
Hong Kong Hang Seng	8000	8,041.57	+2.19
Singapore Straits Times	2100	2,039.12	+0.26
Tokyo Nikkei 225	2000	20,800.30	+0.88
Kuala Lumpur Composite	850	855.77	+0.91
Bangkok SET	1,000	1,058.24	+3.80
Seoul Composite Stock	710	716.90	-0.11
Taipei Weighted Price	3,814.62	3,813.28	-0.04
Manila Composite	1,948.89	1,951.06	-0.12
Jakarta Stock Index	430.42	441.57	-0.49
New Zealand NZSE-40	1,982.53	1,955.61	+1.38
Bombay National Index	1,263.20	1,266.70	-0.28

### Very briefly:

- Australian share prices broke through a key chart point when the All Ordinaries Index hit a six-year high of 2,018.8 points, up 1.02 percent. Investors focused on low interest rates and improved business profits.
- Japan's economic slump depressed sales of both Japanese and imported cars in August after seven months of increases.
- Indonesia's trade surplus widened to \$5.19 billion in the first seven months of 1993, up 108.1 percent from a year ago.
- Formosa Airlines of Taiwan and Saab Aircraft AB of Sweden formed a partnership to provide maintenance services for Saab aircraft in the Asia-Pacific region.
- Philips Electronics NV of the Netherlands said it would set up a technology development center in Taiwan that will cost 10 billion Taiwan dollars (\$372 million).
- Dell Computer Corp., the U.S. personal computer company, launched sales in China and said it was considering making computers there.
- Japan plans to import 133,000 tons of rice from Thailand this year to help cope with a rice shortage.

## Hong Kong Index Hits 8,000

**Compiled by Our Staff From Dispatches**  
**HONG KONG** — The major Hong Kong stock index soared to a record high for the fourth day Wednesday, helped by Governor Chris Patten's call for improved relations between Britain and China in his annual policy address to the legislature.  
 The Hang Seng Index rose 172.09 points, or 2.2 percent, to close at 8,041.57, the first time it has closed above 8,000 points. The rise came amid continued strong flows of money from foreign institutional investors, especially Americans.  
 But the departing chairman of HSBC Holdings PLC, William Purves, said the market's recent rise was too large and too sudden to be sustainable.  
 "I don't like things that travel too fast, and Hong Kong stocks are moving a bit fast at the moment," Mr. Purves said at a farewell luncheon in his honor sponsored by the Hong Kong Foreign Correspondents' Club. HSBC is the parent of Hongkong & Shanghai Banking Corp. (Bloomberg, AP)

## SUPERCAR: How the Various Components Could Be Pulled Together

**Continued from Page 13**  
 steel — at least not in the conventional view. But the Rocky Mountain Institute, a research center in Old Snowmass, Colorado, said in a recent study that composites can "emerge from the mold virtually ready to use." The result would be fewer parts and less labor than current car-body construction and, therefore, less cost.  
 Another issue is safety, but lighter need not mean flimsier, according to the institute. "Witness the Indy 500 drivers who routinely survive 230-mile-per-hour [370-kilometer-per-hour] crashes in composite vehicles," its study says.  
 A typical car weighs 3,300 pounds (1,450 kilograms), the institute points out. But the General Motors Ultralight, a four-passenger "concept car" built in 1991, weighed 1,400 pounds, in large part because of the carbon-fiber composite body. The engine was closer to that of conventional power systems, a three-cylinder, aluminum-block model.  
 Another part of body design is aerodynamic drag, a factor that accounts for more and more of the energy required to move the car as speed rises.  
 The carmakers already know how to cut drag sharply. GM's Impact, an existing experimental

electric car, has about half the drag of a typical car. But GM is not convinced that consumers will like an aerodynamic design, partly because it is so different from what they expect.  
 The popular concept is a sharp nose that can knife through the air and a bulbous stern, but the Impact is the opposite, with a rounded front and a tapered back like the tail of a fish. It is also small, to present less surface to the wind.  
 Reducing body weight and wind resistance will make any car more efficient, regardless of how it is powered. But roughly equal to the wind in eating up a car's energy is braking, and internal combustion engines cannot do much about that.  
 Electronics can, however. Nearly all electric designs, from the Impact to hand-built commercial models already on the road, use regenerative braking.  
 When the driver hits the brake pedal, the motors become generators, converting the mechanical energy of the slowing wheels into electricity. That capability virtually guarantees that a super-efficient car will have an electric motor.  
 And where will that motor get its electricity? Four possibilities are being pursued.  
 The simple one is batteries, which would be recharged between trips by plugging into the

existing power grid. But for a super-efficient car to have an attractive cruising range, it cannot carry hundreds of pounds in batteries.  
 Another possibility is fuel cells. These combine oxygen from air with hydrogen, either in pure form or from natural gas or some other hydrocarbon, to make electricity.  
 Fuel cells are already approaching commercial quality for use by electric utilities, operating at very high efficiencies. But current fuel cells operate steadily, and a car cell would have to handle widely varying demand for energy.  
 One possible solution is a fuel cell that will feed a small bank of batteries, with both the cell and the batteries kicking in at moments of peak demand.  
 Yet another approach would be a flywheel, an electrical generator consisting of free-spinning wheels with magnets in the rims that can produce an electric current.  
 American Flywheel Systems, a Bellevue, Washington, company, has developed a prototype flywheel that can be charged up on household current in less than four minutes and then spin long enough to give off power to run a television set or videocassette recorder for half an hour or so.

## ADB Names A New Chief

**MANILA** — The Asian Development Bank named Mitsuo Sato, a veteran Japanese bureaucrat, as its new president on Wednesday.  
 Mr. Sato, vice-chairman of the Tokyo Stock Exchange, will take over in November from Kimimasa Tsurumizu.  
 The bank's presidency traditionally goes to Japan, the largest stockholder in the 53-member institution that has recently come under fire for the declining success rate of its projects in Asia's developing nations.

## Lehman Brothers To Advise Hanoi

**HANOI** — The Wall Street investment bank Lehman Brothers Inc. will advise Vietnam's Civil Aviation Authority on financing for a \$150 million expansion of the airport in Hanoi, a U.S. businessman close to the agreement said Wednesday.  
 Eugene Matthews, director of the consultants Ashia International, said a memorandum of understanding signed Friday made Lehman Brothers the first U.S. investment bank to sign up as a financial adviser to Vietnam.  
 The agreement is conditional on an end to the U.S. economic embargo against Vietnam.

For investment information read THE MONEY REPORT every Saturday in the IHT

## KUMAGAI: Outspoken Aide

**Continued from Page 13**  
 bureaucrats. He bolted the Liberal Democrats to join the Japan New Party earlier this year.  
 Mr. Kumagai's immediate goal appears to be to pressure the Ministry of Finance and the Bank of Japan to pump more money into the economy. He also wants other ministries, especially those overseeing construction and telecommunications, to prune the thicket of regulations that act as the primary barrier to imports and business expansion.  
 In some ways, Mr. Kumagai's stoniness is the mirror image of the ministry's growing irrelevance. "MITI feels really powerless," Mr. Shimada said, noting that high tariffs, foreign exchange controls and the other tools MITI once exercised were phased out years ago. "MITI has no instruments, but foreign pressure is increasing."  
 If MITI feels powerless, however, its minister may be even more so. Few stay in office long enough to grasp the details of what their bureaucracies are really up to. Few, in fact, have ever managed to impose their will on institutions in which information and power generally flow from the bottom up. This is especially so with the current cabinet, which is composed mainly of politicians new to power.  
 "I haven't been paying too much attention to what he's been saying," said one mid-level MITI official who refused to be identified. "I've never even met him."  
 Still, the fact that his gibes have gone largely without return is a reflection of how much the political atmosphere has changed since Mr. Hosokawa took power in early August. With major contractors being arrested for bribes seemingly every week, few are willing to defend the Construction Ministry. Likewise, as fears grow that the flow may fall out under the economy, pressure is growing on the Finance Ministry to abandon its opposition to deep cuts in income taxes.



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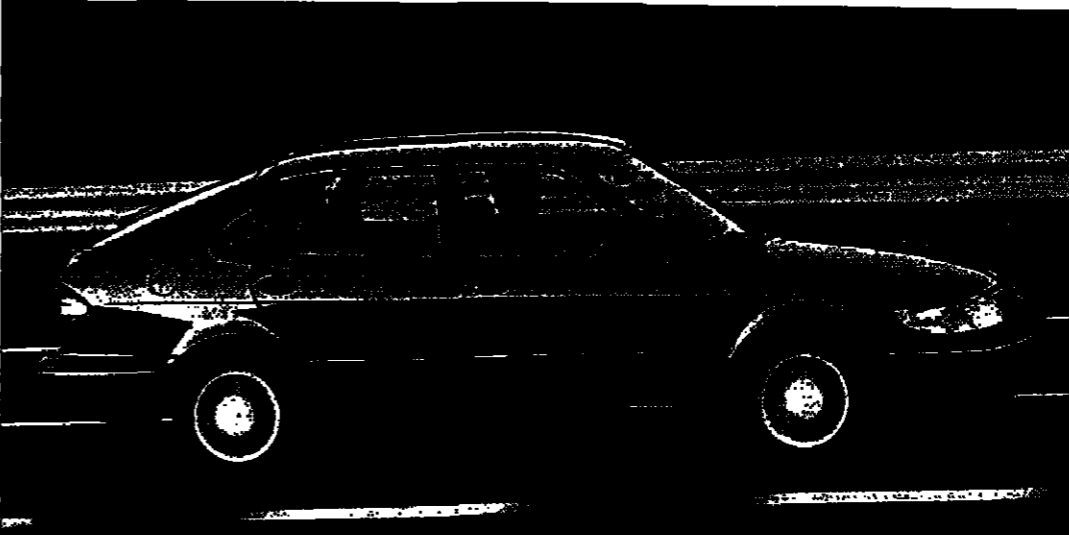
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Table with columns: 12 Month High/Low, Div, Yld, PE, etc. for various stocks.

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# SPORTS

## Jordan Finds How Tortuous Are the Demands of Perfection

By Ian Thomsen  
International Herald Tribune

PARIS — Michael Jordan tried to come back once seven years ago. The Chicago Bulls didn't want him to risk playing, but he was stubborn. He requested a meeting with the team's owner, administrators and three doctors who had been treating him. They found him in their office blinking at them through clear, non-prescription glasses. He wanted to look older and serious.

He was no older than his uniform number, 23. The big star in Chicago was Walter Payton, the football player. Jordan was lauded for driving the recreation vehicle he advertised — a Chevrolet, I think. He actually ate at McDonald's. People had just been getting to know him in Chicago when a small bone in his foot broke down at the beginning of his second year in the National Basketball Association. He wanted to play as soon as he felt

healed. To prove he was, he returned home to North Carolina and played against good players who grew up with him, a lot of guys who never made it, for whatever reason.

The Bulls decided the season was already lost and why risk injury? Jordan, in his horn-rims, talked them out of that. With him the Bulls barely made the playoffs and came with their 30 victories in 82 games to Boston, where the Celtics had lost only one game all season with perhaps the best club anyone has ever seen.

A lot of us in the Boston Garden never had seen Michael Jordan play in person. This became obvious the first time he leaped with the ball in his hand. Later, his reward was a self-conscious roar, as if the audience was applauding itself. But on that first day he knew we couldn't believe what we were seeing. He was nothing in person like what you see on television, where all feats have a numbing sameness, and natural abilities are upstaged by special effects. We had never seen anyone like him. On a Sunday afternoon he scored a playoff-record 63 points without much of a jump shot. Every

beaten defender was turned into a statue, stomach thrust out and arms raised helplessly. He forced two overtimes from Larry Bird, who was supposed to be the greatest ever as he sat afterwards on a training table, hunched over and smiling, sort of, when he said: "Michael Jordan is God."

**HOW DOES A TALENT** turn against its master? Every god carries his own moral. Muhammad Ali, who cannot be heard above a whisper, is dying the boxer's heroic death of not knowing when to stay down. Probably now, Pelt cannot understand how a man's personal expression, the art of a game like basketball, can be exploited and cashed in and made to personify impersonal corporations, until the talent is like an aura of lead. It wasn't like that when Pelt played.

We cannot say that his corporations have taken advantage of Jordan, not when they are paying him anywhere from \$25 million to \$40 million per year. (For shooting basketballs, he earned \$3 million.) His people had a strategy of involving him with major corporations of the highest virtue. Such corporations exist in image only, of course. The

same is that there are no perfect human beings.

We can say that Jordan became a shut-in, unable to bear stepping outside his hotel suites. This is not because he can dunk like a frog snapping up a fly.

It is because he was sold to the public. He was sold and it owned him. When people bought big Macs they were buying him. When they bought Gatorade they were buying him. When they bought Nike shoes they were buying him. McDonald's and Gatorade and Nike were making those mistakes. If he ever felt like cussing out or showing someone — as have the majority of his peers, subjected to lesser pressures — he was risking a global marketing catastrophe.

He says his motivation has gone. How did it evaporate? What has sucked it dry? Jim Brown quit the Cleveland Browns before his football skills might diminish; most others played until they exhausted their chances. Jordan appears caught in between. He simply is exhausted.

Last spring's furor over his gambling had less to do with his human desire and everything to do

with the stumble of a marketing god. How tortuous are the demands of perfection — these profiting interests all weaved into his smile, his legs, his dangling tongue. His father, he says, warned him to retire after his first NBA championship three seasons ago, but he had more to prove.

Last summer he was drafted for his second Olympic team, for his sponsors and the growth of international basketball. For everyone but himself. There were snippings in June for ignoring the celebrations of teammates as he grabbed the ball from Chicago's third straight title, but maybe he knew it was his final ball. Then his father was murdered, the only pressure the rest of us can understand.

Most likely of all, he will be back in uniform before the end of this season. "Maybe that's the challenge I need," he said, announcing his retirement at the age of 30.

To this meeting he wore an olive suit. Seven years ago, it was sweat clothes and false lenses to prove his readiness. He could overcome anything, he was saying, then perspective changed. And on the fifth day, the god quit.

## Hornets Sew Up Johnson for \$84 Million

The Associated Press

CHARLOTTE, North Carolina — Larry Johnson, sealing a deal that should keep him with the Charlotte Hornets for his entire NBA career, has signed the biggest contract in U.S. professional team sports: \$84 million for 12 years.

The sum to be paid to the 1992 NBA rookie of the year dwarfs the \$32.5 million the Hornets' owner, George Shinn, paid to establish the team as an expansion franchise six years ago.

"David Stern laughed when I told him," Shinn said. Stern is the NBA commissioner. "He said, 'George, you're being charged to sign him for twice the price we going to for the franchise.'"

The contract links Johnson and the Hornets through the spring of 2005. All but the last year is guaranteed under terms of the deal reached Friday. Johnson will be 36 at the end of the contract.

"I was flipping through the pages looking at it and finally said, 'You'd better bury and sign this, big guy, before somebody changes their mind,'" Johnson said.

Johnson led the Hornets in scoring and rebounding last season, averaging 22.1 points and 10.5 rebounds a game. Fans voted him to the starting lineup for the NBA Eastern Conference All-Star team last February.

He and rookie center Alonzo Mourning were the catalysts for the team's advance to the second round of the playoffs, where they lost to the New York Knicks.

"I just feel in my bones we're going to have a championship here, but I also feel we can't have it without Larry," Shinn said. "If we want to win, we've got to pay the freight."

The market for elite basketball players has escalated drastically since Johnson signed his original six-year, \$20 million contract in the fall of 1991.

The Philadelphia 76ers gave first-round draft pick Shawn Bradley of Brigham Young an eight-year contract worth an estimated \$44.2 million, now the second-largest salary package in the NBA.

Johnson's original contract gave him the option of becoming a free agent in the summer of 1995. The Charlotte Observer reported. When Johnson expressed interest in signing a "career-ending" extension over the winter, the Hornets were quick to respond.

"Now, I am the leader of the team," Johnson said. "Most of the guys would have said that last year anyway, but now it's for sure."

Shinn said it was a pleasure dealing with Johnson and his agent, Steve Endicott. Johnson's original contract negotiations were rancorous and involved a long holdout.

"Larry is committed to us," Shinn said. "He says this is his town. He wants to stay here. He realizes that we're committed to winning and we have all the ingredients here now. It just makes sense to lock him in now."

## Overseas, A 'Mythical Hero' Wins High Praise

By William Drozdiak  
Washington Post Service

PARIS — In France, where Michael Jordan T-shirts and basketball shoes sell as briskly as baguettes, the retirement of the world's most famous athlete shocked a nation that became infatuated with his talents through cable television. Jordan has been recognized as a legend here ever since he scored 58 points in the 1984 Los Angeles Olympics against the French Olympic team, and his many French fans often stayed up until 4 in the morning to watch his performances in the playoffs.

Jerome Bureau, editor of the leading sports daily, L'Equipe, planned to splash the Jordan retirement across the front page, embellished with a black border as if in mourning for the death of a hero.

"He was more than the world's greatest player, he was like a mythical hero," Bureau said. "He alone made the sport popular throughout the world, and I can't see anybody replacing him."



Gary Horvath/Reuters

Stefan Ostrowski, one of France's top players, who guarded Jordan during pre-Olympic scrimmages, warned in the U.S. "Dream Team" warmed up in Monte Carlo for the 1992 Barcelona Games, said it was hard to understand how Jordan could leave the game at the height of his powers.

"He was only 30, which is very young to leave the game," Ostrowski said. "I guess the NBA schedule is very hard both mentally and physically. We are all very sad to see him go, because kids everywhere would identify with him and try to copy his game."

The Associated Press reported: Jordan's retirement was widely mourned abroad.

Dan Peterson, a former coach and the voice of basketball on television in Italy, where the sport is second in popularity only to soccer, said: "He represents basketball. He represents the United States. He represents sports."

Jordan throwing out the first pitch of the American League playoffs. By the seventh inning, word of his retirement had spread. The White Sox would lose, but in a city where Jordan is the undisputed king of sports, the baseball setback was tame stuff.

"He's like a breath of fresh air, and someone just closed the window," Peterson said. "He brought something special to the game. He was a symbol of the way sports should be played, a model for younger kids around the world."

Magic Johnson, the former star of the Los Angeles Lakers who is on tour with a group of all-stars to raise money for the fight against AIDS, said in Geneva that he thought Jordan would be back.

"I think that Michael probably just wants to be left alone now," Johnson said.

In Australia, where Jordan was named most popular sportsman in a recent survey, the story was given prominent treatment in Thursday morning's newspapers.

"Even in Britain, where basketball is strictly second division stuff, everyone knows the name," wrote Ian Chadband of the Press Association, the country's domestic news agency. "Arguably, he is the most famous athlete on the planet."

Jordan's announcement Wednesday was broadcast live on Israeli radio with simultaneous translation.

## RETIRE: Jordan Calls It Quits

Continued from Page 1

made the stunning announcement that he was retiring from basketball, at age 30, at what appears to be the height of his phenomenal basketball talent.

"I always wanted to quit at the top," he said. "I never wanted to feel that foot in the back, from others trying to push me out, saying I had got too old, or that I couldn't do what I once could."

Perhaps Jordan had felt the vulnerability of being human. In the playoffs last season, against Cleveland and New York and Phoenix, he had said at times that he felt tired, and even played like it. But when the clutch came, as in the final period of the last game of the National Basketball Association finals against the Suns, he came through in typically remarkable fashion.

How much longer could he produce like that if the competitive juices were not there to charge him? Not long, he believed.

The tragic death of his father did have an impact in the decision in this way: "I made me realize how short life is," said Jordan, "how quickly things can end, how innocent. And I thought that there are times in one's life when you have to put games aside. I wanted to give more time to my family. I've been very selfish about wanting things on my basketball career. Now it's time to be unselfish with them."

He sat beside his wife, Juanita, wearing that familiar smile and an air of one at ease with himself and his decision.

"I'd like to think I had something to do with changing the image of Chicago from a gangster town to a championship town," said Jordan.

Jordan had also felt the uncomfortable closeness of being one of the world's major superstars. He could not go anywhere without being mobbed. Not long ago he talked about the sadness of not being able to accompany his wife and their two young children to an amusement park because he knew he wouldn't be able to avoid the attraction of a mob. "So I had to have Juanita take home videos of them so I could watch them on the rides," he said.

Over the last few years, Jordan has been in the center of several disquieting news stories outside of the basketball court. It has become

public knowledge that he enjoys wagering on poker and golf, particularly. But when a golfing partner named Richard Esquinas published a book last spring that depicted Jordan as a man who has bet and lost millions on the golf course, and when last May it was learned he spent a late night gambling in Atlantic City the night before a playoff game against New York, a feeling that his gambling was a harmless pastime took on another tinge in the public eye.

Jordan made several references to this other side of his life at Wednesday's news conference. "This probably is the first time I've seen so many people without a scandal around," he said.

When someone asked Jerry Reinsdorf, the owner of the Bulls, if Jordan's number would be retired, Reinsdorf replied: "It's a pretty good bet that no one else on the Bulls will wear number 23."

"That was a bet," Jordan said with a smile. "We don't bet."

Jordan said he had been thinking about retiring for a few years, and said that his father had suggested he quit after the Bulls' first championship in 1991. After the third, the subject was raised again. "This time," said Jordan, "I was leaning in that direction."

Jordan said that he was making the announcement on the eve of the opening of training camp so that the team can start fresh. And he had waited until now because he wanted to see, he said, "if my heart would change."

"There will be others to follow," said Jordan, of NBA stars. "It's always been that way, always will."

"He said he would miss most of his teammates, that leaving them as very emotional, and that the striving together as a team had meant a great deal to him. He said he would not miss the spotlight, however. "I'm going to try to lead a normal life. I don't think I could ever lead a normal life. But it could be reduced some."

He said his many endorsements and businesses, from Nike to Gatorade to his glitzy restaurant, would continue to take up his time, as would playing golf — "my hobby" — and pick-up basketball — "basketball is still my love."

Would he entertain a comeback in a year or two? "I never say never," he said. "I don't close the door to any possibilities."

## Jordan's Career Highlights

Three-time regular season most valuable player, 1988, 1991, 1992.  
MVP of NBA championship series three straight times (1991-93).  
Second player to win seven straight scoring titles, 1987 to 1993 (other was Wilt Chamberlain, 1956-58).  
All-NBA first team seven straight years, 1987-93.  
All-defenses first team six straight years, 1988-93.  
NBA defensive player of the year, 1988.  
NBA All-Star game MVP, 1988.  
Bulls' all-time leading scorer and 15th all-time leading scorer in NBA with 21,541 points.  
Scored a playoff-record 63 points in a 1988 first-round game against Boston.  
Set NBA record with 23 consecutive points against Atlanta in 1987.  
His 3,041 points in 1986-87 are the third-highest total in NBA history.  
Holds career record for highest-points per game average in regular season, 32.3.

Shares single-game record for most free throws made in one quarter, 14, 1989 against Utah.  
Career record for scoring average in All-Star Game, 21.0 ppg.  
Highest scoring average, NBA final, 41.0 against Phoenix, 1993.  
Most points, NBA final, 246 against Phoenix, 1993.  
Career record for highest-points per game average in playoffs, 34.4.  
NBA final single-game record for most points in one half, 35.  
Led Bulls to three straight championships, 1990-91 to 1992-93.  
Member of North Carolina national championship team, 1982.  
Bulls' No. 1 draft pick in 1984, third player selected overall, behind Hasheem Oluwalajo and Sam Bowie.  
Scored career-best 58 points against Cleveland, March 28, 1990.  
Scored 50 or more points 34 times.

## SCOREBOARD

### HOCKEY

#### NHL Standings

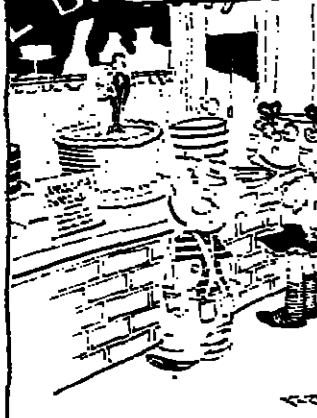
EASTERN CONFERENCE									
Atlantic Division					Northeast Division				
Team	W	L	T	Pts	Team	W	L	T	Pts
Philadelphia	1	0	0	2	Buffalo	1	0	0	2
Montreal	0	0	0	0	Quebec	0	0	0	0
New Jersey	0	0	0	0	Washington	0	0	0	0
Tampa Bay	0	0	0	0	N.Y. Islanders	0	0	0	0
Washington	0	0	0	0	N.Y. Rangers	0	0	0	0
N.Y. Islanders	0	0	0	0					
N.Y. Rangers	0	0	0	0					

### BASEBALL

#### Japanese Leagues

Central League									
Team	W	L	T	Pct.	Team	W	L	T	Pct.
Yokohama	74	48	2	.607	Yokohama	51	48	1	.515
Yokohama	67	52	2	.563	Yokohama	49	58	1	.458
Yokohama	60	59	1	.508	Yokohama	56	61	2	.479
Yokohama	51	68	0	.429	Yokohama	51	68	0	.429
Yokohama	49	67	1	.422	Yokohama	49	67	1	.422

## DENNIS THE MENACE

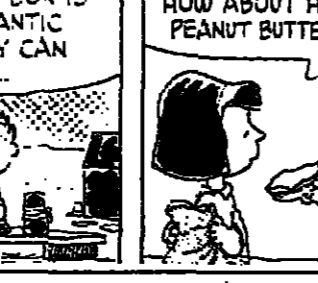


"IT DOESN'T LOOK LIKE HE'S SWILING."

## PEANUTS



## WIZARD OF ID



## REX MORGAN



## GARFIELD



## JUMBLE

THAT SCRAMBLED WORD GAME

LYKIM

REVUC

SNURUG

BASURD

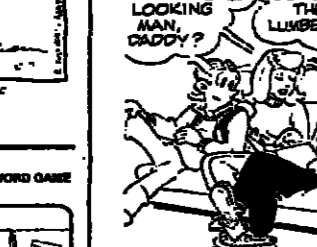
Now arrange the checked letters to form the hidden words, as explained by the clues.

First answer here: \_\_\_\_\_

Answers tomorrow

Yesterday: JUMBLE, BEAT, VOCAL, MANUPUL, PROTHLY, FORTIFY, FORTIFY

## BLONDIE



## BEETLE BAILEY



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## REX MORGAN



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SPORTS

SIDELINES

Endeavour Still Leading Whitbread, Merit Cup Overtakes Tokio for 2d

SOUTHAMPTON, England (AFP) — The Swiss yacht Merit Cup moved from fourth into second place Wednesday in the Whitbread 'Round the World race but could not cut into New Zealand Endeavour's overall lead.

At 1355 GMT, Gram Dalton's Endeavour was 35 nautical miles ahead of its may-be rival, skippered by Pierre Fehlmann. Tokio, within 20 miles of Endeavour on Monday, had fallen back to third place, about 15 miles behind Merit Cup.

The Chris Dickson skippered Tokio still led the W-60 class but Spain's Galicia was just four miles astern after passing both Dennis Conner's Winston and the Japanese yacht Yamaha. Yamaha had slipped from fourth to seventh place and was under pressure from the French maxi-class La Poste.

France Seeks Stiff Violence Penalties

PARIS (AP) — The French cabinet, seeking to quell the violence at soccer stadiums that has left dozens of fans and policemen injured, adopted a bill Wednesday that would impose a one-year jail term or a 100,000-franc (\$17,600) fine on individuals convicted of violence at sporting contests.

A person convicted of carrying of any object suspected of being dangerous could be punished by a 100,000-franc fine and three years imprisonment. The bill, to be submitted to parliament, would establish special courts to deal with sports violence cases.

● Rolland Courbis, coach of the French league team Bordeaux, was charged in Toulon with tax fraud. (AFP)

Rams' Player Linked to Cocaine Bust

SANTA ANA, California (LAT) — Federal drug agents who seized a suitcase containing 12 kilos of cocaine at Atlanta's Hartsfield International Airport 2½ months ago say they have identified a Los Angeles Rams cornerback, Darryl Henley, "as the source of the cocaine," court documents show.

In a federal affidavit filed here in U.S. District Court, agents also say Henley and a woman — later identified as a Ram cheerleader, Tracy Donahoe — showed up to claim the suitcase shortly after authorities discovered the drug. It was unclear why Henley was not arrested.

Four reputed drug dealers threatened to kill Henley and his mother if they were not paid \$360,000 they claimed to be owed for cocaine supposedly supplied to Henley and confiscated by Drug Enforcement Administration agents, the documents show. The four men were arrested last week.

For the Record

Wang Junxia and Qu Yunxia, the Chinese distance runners who shattered four world records last month, will compete in the Marathon World Cup in San Sebastian, Spain, that starts Oct. 31, the Chinese State Sports Commission said. (AP)

The Davis Cup final between Germany and Australia will be played Dec. 3-5 in Dusseldorf on a clay court, the German tennis federation announced. (AFP)

Boris Becker, still affected by a virus, was beaten, 4-6, 7-6 (8-6), 6-3, by Australian wild card Neil Borwick in the first round of the Australian indoor championships. (AP)

Denis Evans was fired as head of the Welsh Rugby Union for what it called "maladministration" and maladministration. (Reuters)

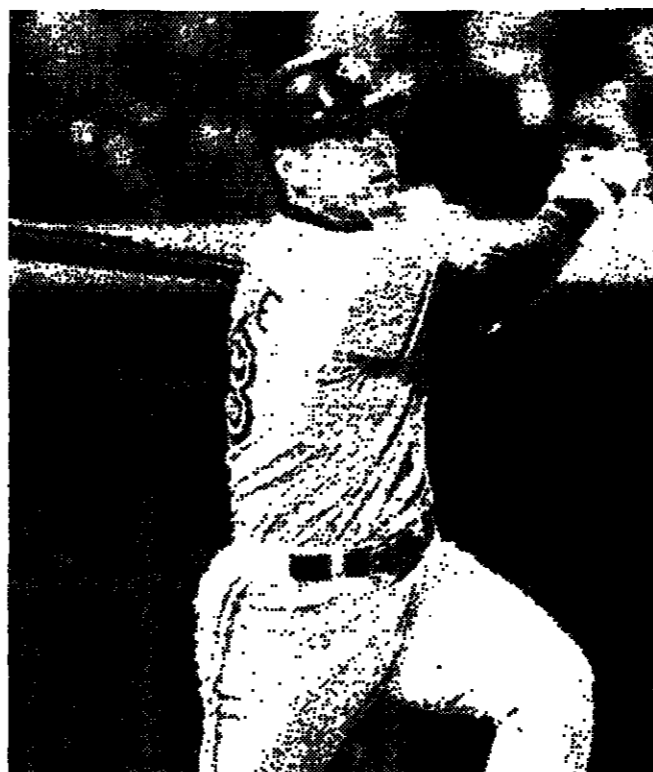
Chris Miller, quarterback for the Atlanta Falcons, will miss the rest of the NFL season after undergoing reconstructive surgery on his left knee. Eric Dickerson, the NFL's second-leading career rusher, was waived by the O-5 team. (AP)

Ray Bourque was awarded a contract of \$2.25 million a year for two years by an arbitrator, apparently ending the NHL Boston Bruins' threat to trade the star defenseman. He reportedly had asked for between \$4 million and \$4.5 million. (AP)

Alaa Abdelnaby, a starting forward for the Boston Celtics, underwent back surgery and likely will miss three months of the NBA season. (AFP)

Bob Watson, 47, a two-time All-Star who became the Houston Astros' assistant general manager in 1988, became the first black to be named a general manager in the major leagues; Bill Lucas performed the same function for the Atlanta Braves in 1976, but under the title of director of player personnel. (Reuters)

Stewart Spurs Toronto to 2-0 Playoff Lead



Paul Molitor, left, hit a two-run homer in the Blue Jays first victory; Ed Sprague's triple with two out in the fourth added two more runs.

Compiled by Our Staff From Dispatches

CHICAGO — Dave Stewart, the man Toronto acquired in the off-season because of his ability to get out of tight spots, pitched out of a bases-loaded jam Wednesday and led the Blue Jays past the Chicago White Sox, 3-1.

The victory gave Toronto a two-games-to-none lead in the four-of-seven-game American League championship series, which shifts to Toronto for Game 3 on Friday.

Stewart improved his career playoff record, already the best ever, to 7-0. He left after escaping the bases-loaded jam in the sixth. Al Leiter followed with two scoreless innings, and Duane Ward worked the ninth for a save.

Stewart, 34, whose previous six league championship victories were with Oakland, gave up four hits and walked four.

Chicago, which having lost the first two games at home is in danger of a quick exit from the playoffs, will start Wilson Alvarez (15-8) on Friday against Toronto's Pat Hentgen (19-9).

Paul Molitor doubled and scored the tie-breaking run for the Blue Jays. Molitor, 37, another off-season acquisition, began this series with a 400 career post-season average. After going 4-for-5 in Game 1

with a homer and three RBI, Molitor was 2-for-4 in Game 2.

Molitor's double in the fourth inning was his sixth straight hit, setting a championship series record.

The losing pitcher, Alex Fernandez, gave up eight hits, walking three and striking out five. He entered the game with a 3-1 record and 1.72 ERA against the Blue Jays this season.

Frank Thomas, the White Sox's main offensive threat, started again at designated hitter rather than right fielder because of his bruised left arm. Thomas, who set an LCS record by drawing four walks in Game 1, went 2-for-3 with another walk.

Pitching, defense and Thomas got the White Sox to the playoffs, and the defense faltered in Game 2. Chicago committed two errors, both leading to Toronto runs.

The Blue Jays pounced on Fernandez in the first inning to go ahead, 1-0. Rickey Henderson was safe on a fielding error by first baseman Dan Pasqua, who started a throw from second baseman Joey Cora on the tip of his glove, then dropped the ball. Henderson reached third on Devon White's single and scored when Roberto Alomar hit into a fielder's choice.

Chicago tied it, 1-1, with two out in the first when Stewart walked the bases loaded, then skipped a wild pitch to Pasqua, enabling Tim Lincecum to score from third.

The Blue Jays broke the tie with two out in the fourth. Molitor bounced a ground-rule double over the right field fence and scored on Tony Fernandez's single to left to make it 2-1. Outfielder Tim Lincecum threw home, but the ball sailed over home plate and Fernandez, who was hacking up.

Ed Sprague was intentionally walked and Pat Borders followed with an infield hit up the middle that Cora fielded but overthrew Pasqua at first for an error, allowing Fernandez to score and make it 3-1.

The White Sox loaded the bases in the sixth on singles by Thomas and Robin Ventura and a walk to Ellis Burks, but Stewart got out of the jam with two fly ball outs and a comebacker that he finished by running all the way to first.

By the end of day, the Comiskey Park crowd of 46,101 could take little consolation knowing that the White Sox had the best record in the league this season. The Sox must win two of the three games to be played in Toronto to avoid elimination and bring the series back to Chicago. (AP, UPI)

AL Series, Game 1

By Murray Chass

New York Times Service

CHICAGO — Fortunately for

Juan Guzman, John Olerud and Paul Molitor are on his team.

The wicked hitting of the American League's top two batters overcame Guzman's wild pitching in the opening game of the American League championship series.

Despite Guzman's eight walks, three wild pitches and one hit batter in a bizarre six innings, the Toronto Blue Jays, the defending World Series champions, thumped the Chicago White Sox, 7-3, Tuesday night in the home team's first postseason game in 10 years.

The Blue Jays, in the playoffs for the third straight season, won because Olerud, the league's batting champion, and Molitor, its No. 3 hitter, got seven hits, batted in five runs and scored five.

Molitor, who joined the Blue Jays as a free agent this season after 15 years in Milwaukee, contributed three singles and a home run, drove in three runs and scored two.

Olerud hit two singles and a two-run double and scored three runs.

Ed Sprague, whose pinch-hit, two-run home run in the ninth won the second game of last year's World Series against Atlanta, got four hits, one a fourth-inning triple that drove in the first two of the

Jays' Hot Hitters Wallop Sox in Opener

seven runs the Blue Jays scored against Jack McDowell, the league's top winner with 22 victories.

The Blue Jays needed their 17 hits, their most in five league championship series, because Guzman was at his wildest. The right-hander, who didn't lose one of his last 13 starts over more than two months but did set an AL record with 26 wild pitches, fired two wild pitches in the first inning and one in the fourth, each time with Frank Thomas on base.

Thomas, who was the White Sox's designated hitter instead of their first baseman because of his bruised left arm, walked his first three times at bat but did not score a run. The White Sox, in fact, were not able to capitalize on Guzman's gifts, scoring only one run as the result of a walk, a wild pitch or a hit batter. Guzman thus was able to extend his playoff record to 4-0 in four starts.

"I was trying to do too much," he said, "I was trying to be too fine. It's not the first time it's happened this year."

Molitor, playing a postseason game for the first time since 1982, hit his third home run in six playoff games, increasing Toronto's lead to 7-3 by connecting against McDowell in the seventh inning after Olerud singled with two out.

Sprague, one of the least mentioned members of the Blue Jays even though he was a World Series hero last year, produced the first big hit of this series.

With one out in the fourth inning of a scoreless game, Olerud walked and Molitor lined a single to left field. McDowell threw a third strike past Tony Fernandez for the second out, but Sprague hit a fly ball to deep right that just eluded Ellis Burks's outstretched glove.

Olerud and Molitor raced home, and Sprague wound up at third, matching his career total for three-base hits in 753 regular-season at-bats.

But the Blue Jays did not hold their 2-0 lead for long. When the fourth inning ended, they were worse off than when it began.

Guzman began the bottom half of the inning by walking Dan Pasqua, who was replacing Thomas at first base, and had been hit by a pitch in his first at-bat. Lance Johnson bounced a ball to first, but Olerud couldn't handle it, and Johnson was safe on the first error of the postseason.

Ron Karkovice then sacrificed the runners to third and second, and Ozzie Guillen looped a single to right to make it 2-2.

Guillen then went to second

when Pat Borders couldn't handle a low pitch from Guzman, and he scooted home when Tim Raines lined a single past Guzman into center field.

After Joey Cora struck out, Guzman walked Thomas for the third time, threw his third wild pitch and walked Robin Ventura intentionally, forcing Borders to jump for the fourth ball, but Guzman gained his composure long enough to retire Burks on a fly to right.

In this sudden game of autumnal seasaw, it now was the Blue Jays' turn to take the lead.

Devon White, who had struck out twice, singled to left with one out, then was forced at second on Roberto Alomar's grounder. But Alomar reached second when Cora, trying for a double play, threw the ball into the Toronto dugout. Still, when Joe Carter hit a slow roller to third, it looked as if the inning would be over.

But Ventura couldn't get the ball out of his glove and, by the time he threw to first, Carter was there. It was then that the inning escalated.

Olerud lashed a line drive to right-center that whizzed past a lunging Johnson to the wall. Olerud had a two-run double, and Molitor followed with a looping single to right, with Olerud coming home to make it 5-3.

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ART BUCHWALD

The Guns of Washington

WASHINGTON — You have read about all the shootings going on in Washington. What you may have missed is that they are getting closer and closer to the Capitol building.



Buchwald

Show Boat Revival Attacked as Racist

TORONTO — Angry protesters shouted "Shame, shame!" and "Go home!" as theatergoers brushed past a wall of police officers to attend the preview performance of the classic American musical "Show Boat."

Sydney Pollack: Entertainment and Angst

By Joan Dupont

PARIS — Sydney Pollack is an auteur. Hollywood style. He has made every kind of movie, from western to comedy to thriller, with a penchant for the old-fashioned love story.



"It's always challenging to do a thriller, it has a satisfying mathematical shape."

studio. And no matter the form, the stories are the same. The character Robert Redford plays in my films is the same character who's gotten older and more an outsider until 'Havana' where he ended up as a fading romantic idol.

PEOPLE

Say It With Corn Chips: Apology to the Elderly

An Ohio food bank will soon be in the chips — taco chips — because of a flap over a television commercial that showed a befuddled elderly woman being smothered by a steamerroller.

Jane Pauley, taping an interview at the Boston Globe, took a blow to the head from a lighting fixture as she was talking with the columnist Ellen Goodman for a "Dateline NBC" segment.

An Australian writer is suing the makers of "The Terminator" series of films, starring musclemen Arnold Schwarzenegger, for stealing his ideas.

Madonna nonplussed concertgoers in Tel Aviv when she announced, "Israel, finally after all these years, I'm in your holy city."

The tobacco heiress Doris Duke, one of the wealthiest women in the United States, has donated \$1 million to the Elizabeth Taylor AIDS Foundation, founded by the actress in 1991 to fight the spread of the disease and care for its victims.

INTERNATIONAL CLASSIFIED Appears on Pages 15 & 21

WEATHER

Weather forecast for Friday through Sunday, as provided by Accu-Weather. Includes maps of Europe, Asia, and the Middle East, and tables of temperature and precipitation data for various regions.

CROSSWORD

Crossword puzzle with clues and a solution for the puzzle of Oct. 6. Includes a grid and a list of answers.

"I wonder if the little guy had fun today?"



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